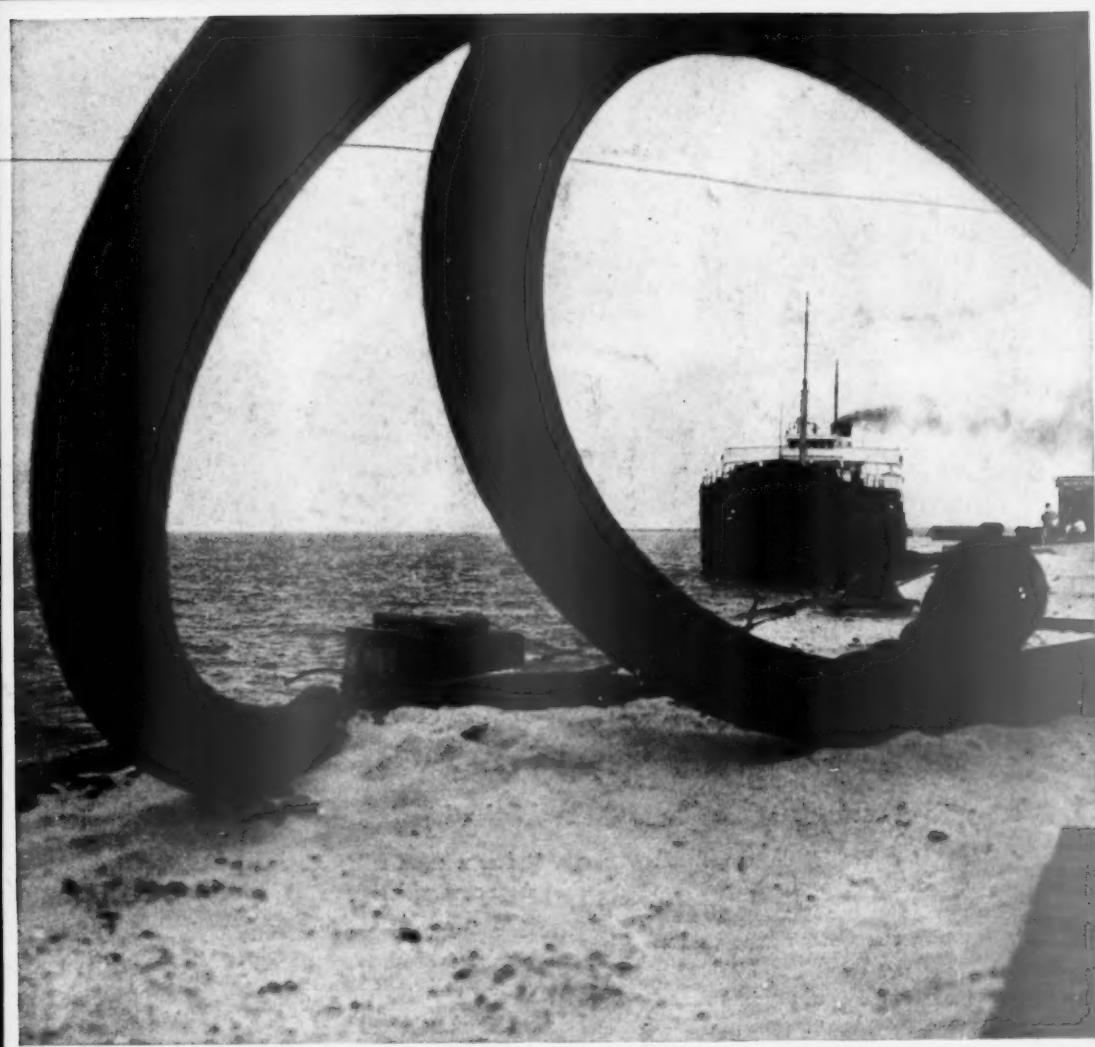


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BUSINESS WEEK



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24
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Our not-so-secret weapon

A typical example of B. F. Goodrich leadership in truck tires

HERE is a "vault" in the B. F. Goodrich "rubber bank" at Akron where crude rubber is stored to help build up an emergency rubber reserve.

It's no great secret that Uncle Sam wants to have plenty of rubber on hand to meet all possible needs.

In this crude rubber all tires have their beginnings. But what is done to that crude, what is added to it, makes a mighty big difference.

For example, every Silvertown Truck Tire is made with Duramin, a B. F. Goodrich discovery which fights age and wear in tires. Duramin keeps the rubber young and alive—in the tread, in the tire body, and in the side-

walls. It means extra miles for every user of these new truck tires.

Here is a "secret weapon" against tire wear and high tire costs. It's yours to use in your own business.

Duramin is not the only reason for the greater mileage of the Speedliner Silvertown. There is actually far more rubber in the tread—right where you need it most. And this thicker, heavier, deeper-cut tread is placed over a reinforced foundation which gives greater resistance to road and load shocks. This new construc-

tion actually results in 25% more mileage than even our own great Silvertown of last year.

Why not get these savings for your business? See the B. F. Goodrich man first—for B. F. Goodrich is first in rubber.



Switch Your Trucks to
BF Goodrich
FIRST IN RUBBER





The Minute Man

This famous statue of the Minute Man at Concord, by Daniel Chester French, has been chosen as the symbol of United States Defense Bonds by the Treasury Department.

DEFEND AMERICA

IN one brief paragraph, Secretary of the Treasury Morgenthau tells you what it means to purchase United States Defense Bonds and Stamps:

"Defense Savings Bonds and Stamps give all of us a way to take a direct part in building the defense of our country—an American way to find the billions needed for national defense. The United States is today, as it has always been, the best investment in the world. This is an opportunity for each citizen to buy a share in America."

Bankers Trust Company endorses this statement of the Secretary, and recommends the purchase of United States Defense Bonds, as an act of personal patriotism and of prudent investment.

BANKERS TRUST COMPANY
NEW YORK



BUSINESS WEEK

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...that owing to a disastrous power-plant explosion, our production has been seriously interrupted and we are therefore unable to meet delivery dates on your orders."

Obviously this sort of letter might well come from any concern faced with a catastrophe like the above!

For such things do happen. And they are particularly costly in these days of heavy industrial demands. The owner's losses often go far beyond his insurance coverages for property damage — and even for "use and occupancy." ... Because insurance alone cannot repair damage to customer relations or iron out all the effects of halted production.

The best safeguard is the insurance which, through proficient inspection and engineering counsel, does most to prevent power-equipment failure.

Hartford Steam Boiler — predominantly engineering in character — expends a large share of your premium dollar in power-plant safety measures ... in a scientific effort to unearth the defects which would cause you trouble.

An experience of 75 years — an organization engaged exclusively in this one line — a full-time technical staff, directing a nation-covering field-service force which can get around to your plant often or come to your aid quickly. . . . These are some of the advantages which give a Hartford Steam Boiler policy a priceless extra value in power-plant protection. Let your agent or broker tell you what a Hartford Steam Boiler policy can mean to your company.

Hartford Steam Boiler writes more power-plant insurance than any FIVE other companies combined. Shop-Inspects 90% of nation's industrial-power boilers during construction.



THE PICTURES

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Other photographs appearing in this issue were taken by Business Week photographers or were obtained from private sources.

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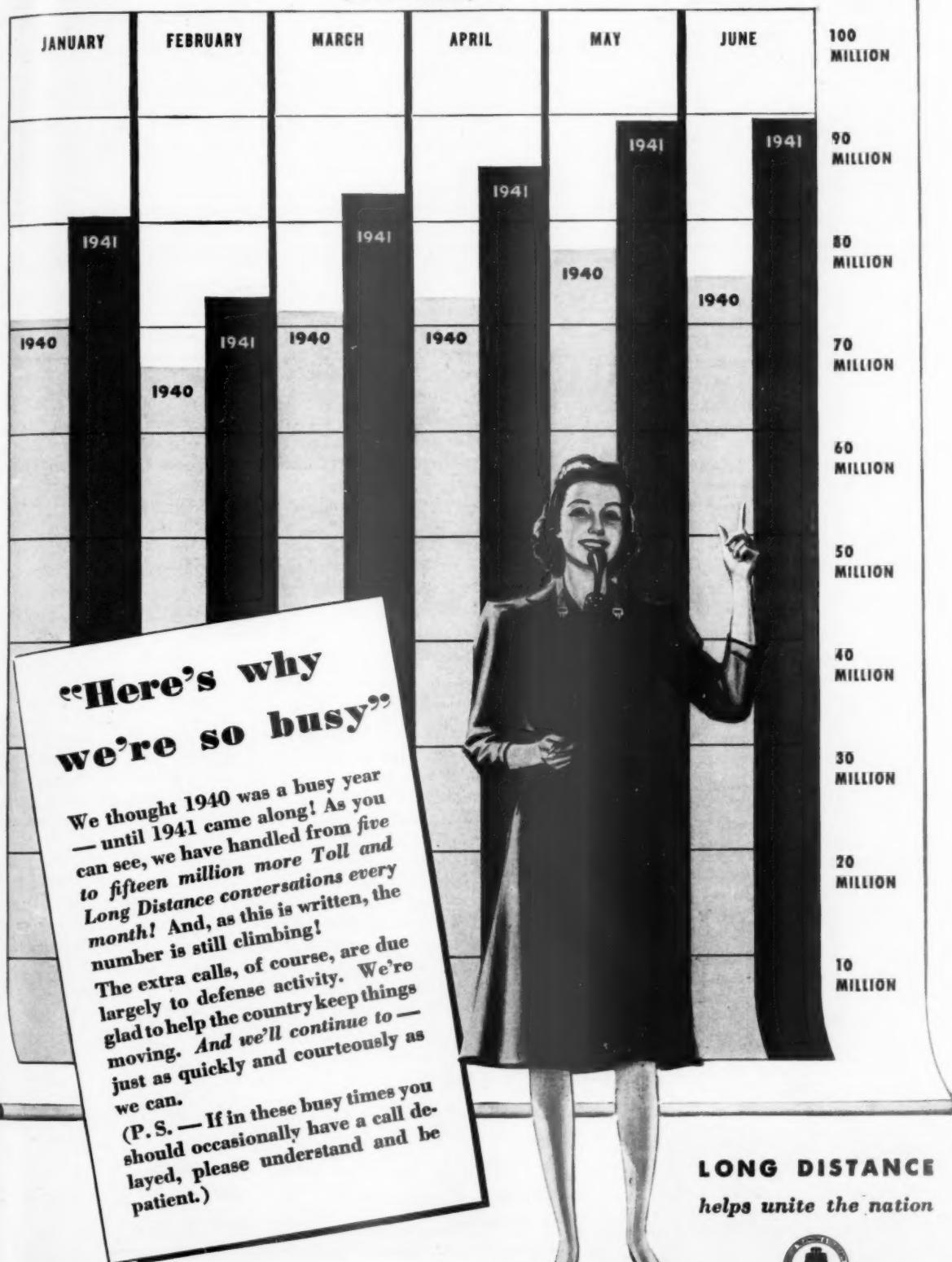


PUBLICATION

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY • Hartford, Connecticut

POWER-PLANT INSURANCE BY POWER ENGINEERS — COVERS: BOILERS · STEAM, GAS AND DIESEL ENGINES · TURBINES · PRESSURE VESSELS · ELECTRICAL EQUIPMENT

TOLL AND LONG DISTANCE TELEPHONE CONVERSATIONS
(BELL SYSTEM)



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YOUR
FILE ON...



IF YOU DO business in New York State, either directly or indirectly . . . then you know how helpful a "local" banker in each upstate community could be.

Customers of Marine Midland in New York City have exactly this service at their disposal.

This service is possible because officers of Marine Midland Banks in 39 leading communities throughout the state are in intimate daily contact with their local business and manufacturing activities.

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Nyack	Avon
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East Aurora	Sodus
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Williamsville	Westfield
Niagara Falls	Binghamton
North Tonawanda	Cortland
Tanawanda	Endicott
Lockport	Johnson City
Middleport	Elmira
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Medina	Horseheads
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BUSINESS WEEK

and the ANNALIST

Nov. 22, 1941

THE COVER

Coiled on the sands at Port St. Joe, Fla., is the business end of the new Southeastern Pipe Line. When the Pure Oil Co.'s tanker W. W. Mills ties up alongside, the hungry hose will be able to suck her dry—80,000 bbl. of gasoline—in 24 hours. When the line is officially opened next week, the gas can be pumped either into the storage tanks or directly into the line. Southeastern is only one of several lines to be built this year. How the pipeline pattern has changed—and why—page 18.

DEFIANCE OR COMPLIANCE? COERCION OR COOPERATION?

Should the Administration give the green light to anti-strike legislation? Should it take over the struck mines? Should the Mediation Board be abandoned? The answer to any one of those questions which confronted the President this week was necessarily part of the answer to an even larger question: Should compulsion be substituted for voluntarism as a labor policy in the emergency? And how much compulsion? The ultimate answers hinged in large part on what happened in Detroit this week where the C.I.O., after its first vote of solidarity behind John L. Lewis, was still confronted with the choice of defiance or cooperation—page 15.

DEFENSE-FIRST AND SECOND

Members of the advertising business went to their convention at Hot Springs, Va., last week, with one purpose: To map a campaign against "persecution" they are now suffering. Their spirit changed, however, when they listened to such hard-hitting defense officials as Leon Henderson and William L. Batt. As a result, for the duration, it's national defense first, advertising defense second—page 44.

FEDERAL RENT CEILING?

Congressmen, adopting a you-can't-do-that-to-us attitude, are getting ready to hang a legislative sandbag on ballooning rents in the District of Columbia. In the nation at large, the rent problem shows myriad local variations (page 25), but pressure for federal controls increases (page 24) as local boards, backed by OPA, find the spiral defying their best efforts.

SEARCH FOR SUBSTITUTES

The plumbing industry has got the jitters—waiting for OPM's other shoe to drop. The defense agency dropped the first when it issued its order conserving copper; its second will be a curtailment order, limiting the use of the now-precious metal in such fixtures as faucets, traps, and shower-curtain rods. Meanwhile, everybody's looking for substitutes. For instance, wooden faucet handles, plastic sink strainers, glass-lined hot water heaters—page 38.

WHERE TO FIND IT

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WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

Anti-Strike Law Not Sure

Anti-strike legislation is on the way—but it may never arrive. Rampant anti-labor Congressmen are making a lot of noise but have been satisfied, at least temporarily, by Speaker Rayburn's assurance that the House will be given a chance to consider labor legislation "at the earliest possible moment."

The rank-and-file of Congressmen say there ought to be a law but are glad enough to let the President take the rap for it. They will go along. Ultimate passage of legislation is likely—at least by the House—but present appearances of rapid progress are deceptive. It's still doubtful that the President will follow through if he beats down Lewis on the coal issue (page 15). Hard-and-fast law is not to his liking. He has no quarrel with the mass of labor and doesn't want to antagonize them.

Another phase of the situation that may keep anti-strike legislation in a perpetual state of suspense is its utility in the hands of various factions on the Senate side as a tool to advance or delay other legislation—price control, for instance.

Making Decisions Binding

Starting the ball rolling this week, Rep. Mary Norton, chairman of the House Labor Committee, introduced and called hearings on a bill to set up an independent mediation board which would be empowered to issue injunctions against either party in a labor dispute. This power would give its recommendations the full force of law.

This bill may or may not be the one which will find its way onto the House floor, backed by the Administration, but it gives angry Congressmen, tired of inaction, something specific to argue about and it may prove handy to the Administration as a substitute for some of the tougher, more radical proposals advanced by fire-eating Congressmen.

• **Control by Public Members**—Mrs. Norton's bill has one novel twist. It provides for withdrawal of both labor and industry representatives, if agreement cannot be reached in any given dispute, and for settlement of the issue on the vote of the public members alone.

F.D.R. and Rail Pay

Betting is that railway train and enginemen will get better than a 7½% wage boost out of their appeal to the White House, if for no other reason

than that the President wants to show that he hasn't gone antilabor. There are other good reasons, too. By granting the 14 nonoperating unions a 13½% boost, the emergency board left the door wide open to the "Big Five" to kick against discrimination. Thus the board ignored the President's tacit instructions to arrange a settlement with the unions.

Roosevelt doesn't want to break down the railway mediation machinery but the present board, by practically throwing the case back in his lap, leaves him no alternative.

No to Small Business

Donald Nelson is making good his prediction of three months ago that he would soon be the most unpopular man in the U.S. Everybody else has given lip salve to small business men. Nelson is telling them that if they believe in free enterprise they've got to prove it, quit yelling to Washington for help. SPAB's executive director has squashed a plan by Floyd Odlum, endorsed by Senator Truman's defense investigating committee, to allot enough materials to keep small firms going which employ less than 20 workers.

Nelson vetoed the scheme because (1) there are not enough scarce materials for such indiscriminate distribution, even though it wouldn't take much; (2) it would keep production going that ought to stop; and (3) such firms are not keyed to getting the most employment or useful production out of the materials consumed.

• **Temporary Aid**—Nelson is willing to give temporary help based on need, rather than size—but the mechanics haven't been worked out yet.

Odlum's Approach

As director of OPM's Division of Defense Contract Distribution, Odlum has been seeking a mass approach to the small business problem. However, lining up defense work for little firms—the purpose for which DCD was set up—involves a multitude of individual transactions.

• **Thumbs Down**—Observers in Washington are wondering when Odlum will quit.

Power Use Frozen

Prodigal consumption of electricity forced mandatory limitation on consumption by large industrial and commercial consumers in all or parts of

six southeastern states, effective Nov. 17 by OPM edict (BW—Nov. 15 '41, p 30). For at least two weeks, to Dec. 1, energy use is frozen at the average weekly levels of the Sept. 15-Oct. 14 meter-reading period.

"Runaway" use of energy was confined to a few consumers seeking to lay in stockpiles of finished products against the day when OPM's originally planned 30% curtailment might be put into effect. Those few, however, were threatening the Southeast's dwindling hydro reserves, according to OPM Power Coordinator Krug.

FPC vs. Defense Agencies

Chairman Leland Olds of the Federal Power Commission is trying to swim upstream against the war currents in urging again this week that FPC's ambitious five-year program for utility expansion be carried on parallel with the Navy's two-ocean construction program. There isn't enough turbine capacity to do both at once, and SPAB and OPM are permitting utility turbines to be sidetracked for naval right-of-way.

Olds's position was outlined before a local electrical engineers' meeting, but FPC's publicity machine broadcast the full text, reason being that while Olds didn't name any names he meant the talk to be a declaration of opposition to the defense agencies.

• **It Hurts**—Old-line federal agencies are finding that the defense shoe which has been pinching business also hurts on the other foot.

Tax Amortization Deadline

Manufacturers who missed the boat on filing applications for rapid tax-amortization privileges on new defense plant under the old law should get their applications into the hands of the War or Navy Departments by Nov. 29. This is the end of the grace period permitted by recently enacted amendments. On facilities built or acquired after Dec. 1, 1941, the amended law allows a filing period of six months, but applications must be made now to qualify cases in which six months have already passed.

Ceilings on Finished Goods

OPA is moving into price control of finished goods, first at the manufacturers' level but shortly at the wholesale level. An attempt to control prices at the retail level is coming, too, especially in lines in which acute shortages are

nudging prices up, but it is still several weeks away.

Prices of industrial raw materials were OPA's first concern. Some 40 commodities are now under some sort of restraint—principally metals, chemicals, textiles and lumber. Further extension into chemicals and textiles is coming, but OPA now is preparing to follow through into the finished products of these and other materials as well.

Upholstery Fabrics

Fixing the manufacturers' prices of upholstery fabrics from Nov. 10 at 105% of quoted prices Sept. 10 was a starter. This order also will help to freeze manufacturers' wood furniture prices at present levels. An order on wood furniture will be along in a week or two, following an inquiry into costs, conducted by OPA with the aid of the Federal Trade Commission.

A schedule of maximum prices on finished bedsheet is in the offing. OPA also is scrutinizing the run-up in nylon hosiery prices to determine whether a ceiling is necessary.

• **Mark-up Ceiling**—Enlisted by OPA as consultant on distribution and pricing of finished goods is Edgar J. Kaufmann, president of the big Pittsburgh department store. Expectation is that OPA will try to hold retail prices in check by fixing maximum mark-ups.

Voluntary Defense Refund

Washington is still too stunned by a voluntary defense contract refund to the government to make the most of it publicitywise. A big East Coast equipment builder was awarded a contract last year for a line the company had never before manufactured. When the order was completed a few weeks ago, the management found it had been able to shave its original cost estimates.

After some deliberation a check for nearly a quarter of a million dollars was sent to Washington as a refund on the contract price.

Two Housing Agencies?

The defense housing job probably will be carried on by two agencies, instead of half a dozen, in the reorganization that Judge Sam Rosenman is busy with. USHA has the best claim on housing likely to be useful after the war. That doesn't mean, however, that Nathan Straus will stay as administrator. Temporary housing—demountable buildings, trailers, dormitories—may be handled by the Division of Defense Housing, recently set up under Clark Foreman in the Federal Works Agency.

Priority aid to privately built defense housing is expected to continue but apparently less reliance will be placed on private builders. Government programs

probably will tend to be based directly on estimated need rather than on the difference between need and the estimated volume of private building.

Sparked by Hillman, a \$50,000,000 housing program for Detroit (BW—Apr. 12'41, p38) is being studied.

Rubber Workers Complain

Pressure from labor is responsible for OPM's current look into distribution of rubber supplies by processors operating plants in more than one state. OPM's Labor Advisory Committee on rubber, backed by complaints from United Rubber Workers Union leaders, has been demanding that rubber be allocated on a plant-by-plant rather than company-by-company basis.

The unionists claim that companies have been funneling undue amounts of raw rubber to processing plants where low wage scales apply (principally in the South) with resultant severe labor displacement in plants where the wage bill is higher. The current rubber allocation program expires at the end of December. Stricter allocation will follow if the present survey supports the union's contention.

Third Job for Crowley

Leo T. Crowley, who now has two jobs as chairman of Standard Gas & Electric system and of Federal Deposit Insurance Corp., is being urged to take on a third—Alien Property Custodian.

President Roosevelt wants to get this vital war agency set up administratively before seizure and operation of alien property actually become necessary. He has picked Crowley as first choice candidate for the job, and pressure on the FDIC boss to accept is becoming insistent.

Relaxing Truck Limits

With a red, white, and blue bowknot on freight, Congress probably will permit the Interstate Commerce Commission to take action superseding state restrictions on truck size and weight limits. This doesn't mean, however, that the law in any state will be thrown overboard in its entirety. It means that, in response to specific complaints, the ICC may, after hearings, lift state limitations, under certain conditions, on a highway or highways.

Tax Reciprocity

Britain would gain—and Canada would lose—if the rumored reciprocal tax agreement between British countries and the United States goes through. Plan is to exempt British-owned factories in the United States from taxes and confer the same benefit on American-owned plants in Canada and Britain.

London owns nearly \$750,000,000 of plants in this country, even after the sale of the \$100,000,000 American Viscose Co. American-owned factories in Britain are valued at slightly less than \$500,000,000. But in Canada, the United States owns nearly \$2,000,000,000 of factories, paper mills, and mines, while Canadians own less than half a million dollars worth of direct investments in the United States.

Turkey on the Plate

With the German occupation of Kerch, in the Crimea, look for Berlin to begin putting the heat on Turkey. A frontal attack on Russian and British forces now strongly entrenched in the Caucasus is too risky for the Nazis to attempt when they could be dangerously flanked through Turkey.

Berlin may simultaneously put pressure on Madrid, further to split Britain's meager defense forces. The long-expected Mediterranean and Middle East showdown is not far away (page 64).

P. S.

Best customers for new automobiles are OPM's own employees. . . . New miles of pipe fencing around government grass plots also is being joked about. . . . Vice-President Wallace's Economic Defense Board would like to turn over some tin to Brazil. Told to raise bumper crops to help whip Hitler, the Brazilians are sore because the can supply is short. Food markets are glutted and vegetables are rotting in the fields. . . . Builders of defense housing on the Eastern Seaboard now can use their priority rating to get oil burners. Such assistance was denied during the oil "shortage." . . . For the highly important post of ambassador to Mexico, F.D.R. has under consideration Postmaster General Frank Walker and Supreme Court Justice Frank Murphy. Both men stand high at the White House and both are devout Catholics.

. . . Food and Drug Administration's hopes for a legal bout with American Stores Co. to test the enforceability of Agricultural Marketing Service grades for canned goods went glimmering when American admitted that canned corn labeled Grade A did not measure up. The goods will be relabeled under FDA supervision, leaving a West Coast firm (BW—Nov. 8'41, p46) as the only potential legal contender on the grade label horizon. . . . If Rep. Izac of California has his way, you will soon be able to buy cantaloupe, papaya, and pineapple wines and brandies. . . . The Soviet Union has asked for delivery on the bulk of U. S. aid between January and July, 1942, insists its Siberian industries will be able to cover practically all defense equipment needs by August.

FIGURES OF THE WEEK

THE INDEX** (see chart below).

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
	*159.8	†159.9	159.2	153.9	140.8

PRODUCTION

Steel Ingot Operations (% of capacity).....	97.0	96.6	97.8	99.9	96.6
Automobile Production.....	92,990	93,585	85,600	127,255	120,943
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$15,507	\$15,104	\$13,202	\$14,125	\$21,485
Electric Power Output (million kilowatt-hours).....	3,304	3,326	3,273	2,983	2,890
Crude Oil (daily average, 1,000 bbls.).....	4,087	4,096	4,111	3,784	3,577
Bituminous Coal (daily average, 1,000 tons).....	1,822	†1,759	1,858	1,567	1,632

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	90	93	92	86	81
All Other Carloadings (daily average, 1,000 cars).....	55	56	58	53	49
Check Payments (outside N. Y. City, millions).....	\$5,029	\$6,355	\$5,763	\$5,127	\$4,428
Money in Circulation (Wednesday series, millions).....	\$10,472	\$10,421	\$10,283	\$9,155	\$8,395
Department Store Sales (change from same week of preceding year).....	+14%	+18%	+13%	+13%	+6%
Business Failures (Dun & Bradstreet, number).....	203	196	178	286	203

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	208.8	209.6	205.9	196.5	168.4
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	145.4	144.9	144.7	139.3	122.0
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	159.1	160.9	153.4	142.9	122.5
Iron and Steel Composite (Steel, ton).....	\$38.15	\$38.15	\$38.15	\$38.15	\$38.07
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$20.92
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.042¢	12.038¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.13	\$1.14	\$1.10	\$0.92	\$0.86
Sugar (raw, delivered New York, lb.).....	3.50¢	3.50¢	3.50¢	3.37¢	2.90¢
Cotton (middling, ten designated markets, lb.).....	16.39¢	16.35¢	16.12¢	12.71¢	9.74¢
Wool Tops (New York, lb.).....	\$1.282	\$1.280	\$1.301	\$1.321	\$
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	24.38¢	21.18¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	73.6	75.3	77.0	74.9	87.9
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.29%	4.26%	4.29%	4.32%	4.47%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	1.84%	1.83%	1.90%	1.93%	1.96%
U. S. Treasury 3-to-5-year Note Yield.....	0.57%	0.48%	0.41%	0.44%	0.32%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate).....	½%	½%	½%	½%	½%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	24,151	23,876	24,640	23,846	21,818
Total Loans and Investments, reporting member banks.....	29,611	29,523	29,385	27,742	24,871
Commercial and Agricultural Loans, reporting member banks.....	6,633	6,573	6,568	5,604	4,895
Securities Loans, reporting member banks.....	984	986	990	888	908
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	14,632	14,606	14,378	14,089	12,180
Other Securities Held, reporting member banks.....	3,662	3,679	3,763	3,700	3,605
Excess Reserves, all member banks (Wednesday series).....	3,540	3,410	5,230	5,689	6,795
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,263	2,247	2,313	2,239	2,326

*Preliminary, week ended November 15th.

† Revised.

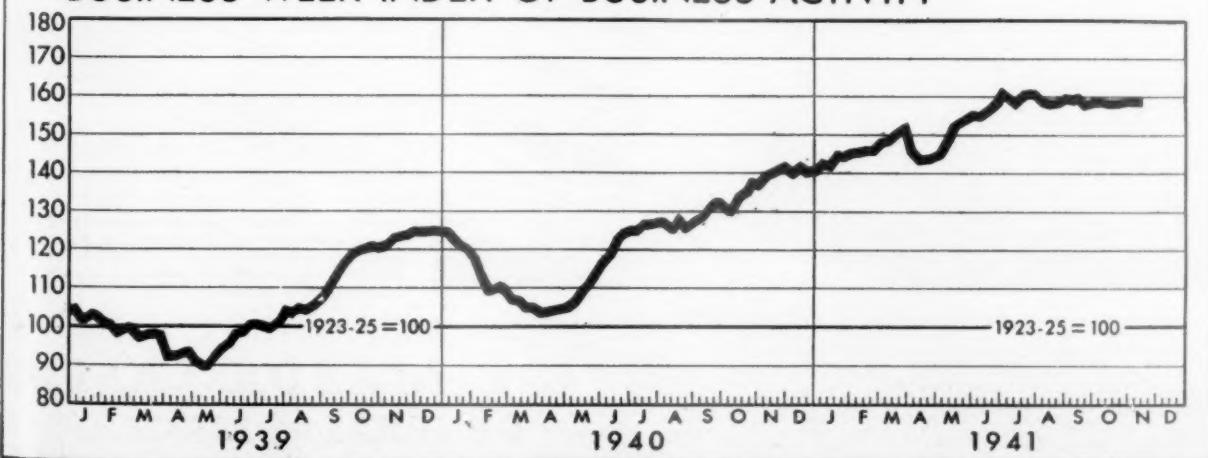
§ Date for "Latest Week" on each series on request.

**Revised series (BW—Nov. 1, '41, p. 14).

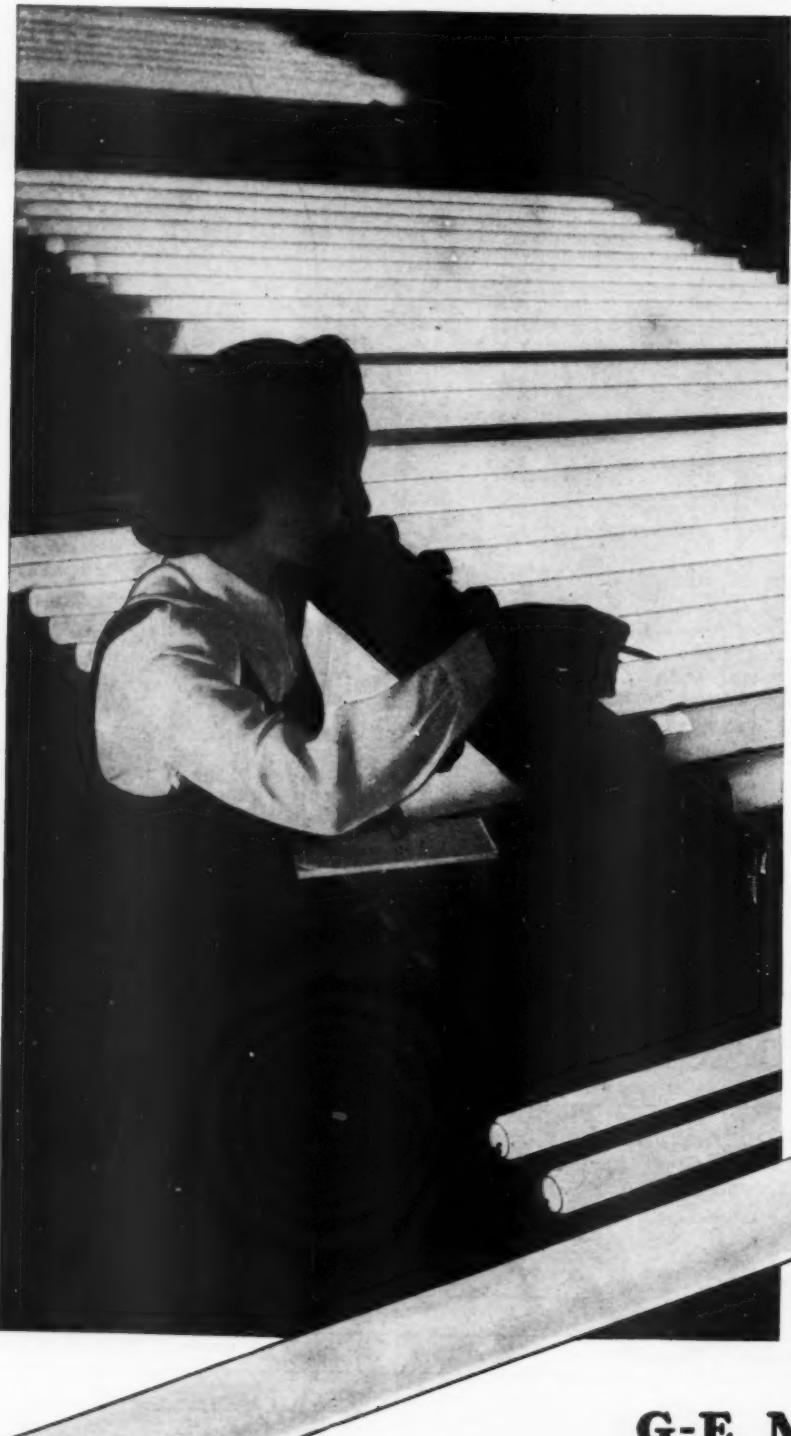
‡ Not available.

‡ Ceiling fixed by government.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



One of America's toughest cops . . .

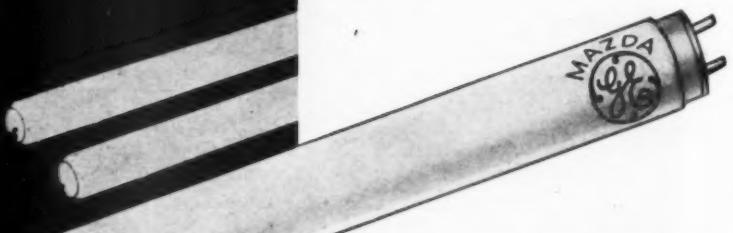


HER JOB is to keep a "death watch" over these G-E MAZDA "F" (Fluorescent) lamps . . . to make sure the lamps you buy will lead full, useful lives.

IT'S PART of a long series of tests and inspections developed through years of MAZDA Research in perfecting this new kind of light . . . a "third degree" that G-E MAZDA "F" lamps must undergo before they are worthy to bear the General Electric monogram and go to work for you increasing production or sales.

IMPORTANT! Before you invest in fluorescent lighting remember that lamps with the initials "G-E" assure you of real G-E MAZDA Lamp quality.

Since the first MAZDA F lamp was announced some three years ago, efficiency has gone up as much as 40% and prices have come down as much as 52%. G-E MAZDA F lamps are recommended for use only with fluorescent equipment providing good power factor.



G-E MAZDA LAMPS
GENERAL  ELECTRIC

THE OUTLOOK

High Output—Low Profits

Inefficiency creeps into production under stress and strain of boomtime operations, thus causing higher per-unit costs. Coal strike will hit consumer first, defense second.

This week's headlines were much more disturbing than the underlying facts about business. The strike in the captive coal mines, the German capture of Kerch on the Crimean peninsula, and the showdown negotiations between Japan and the United States created a sense of social and political insecurity. Nevertheless, the procession of new highs in industrial activity persisted. Even steel operations—at least at the beginning of the week—held up. At 97% of capacity, they were only a shade below the all-time tonnage peak of a few weeks ago, when mills ran at 99.9%.

Strike Hits Consumers

Unless the coal strike lasts into December, it is doubtful whether industry as a whole will suffer a serious setback. Some steel production already is being lost, as steel companies bank their furnaces; but for a while, at least, mills will be able to muddle through on their stockpiles. The pinch on defense output probably will not be keenly felt this week, or perhaps even next. But one thing is certain—with steel under strict priorities, the curtailment of production will hit the general consumer. Defense won't be skimped, but some of the very men John L. Lewis is trying to help will be when they try to buy automobiles, refrigerators, and other steel-requiring civilian products.

In other lines, however, production is soaring. Cotton consumption in October amounted to 953,000 bales, considerably above the previous high of 928,000 bales in July of this year, and 23% above the level of October, 1940 (page 63). In years past, cotton consumption has depended almost as much upon exports as upon domestic needs. But now demand has reached proportions almost sufficient to absorb the entire domestic crop.

Cotton Use Up

Not only has the rise in consumer purchasing power stimulated demand for such cotton products as shirts, sheets, pillowcases, etc., but defense itself is a voracious consumer in such items as wire insulation for tanks, powder bags, uniforms, leggings, sandbags, collapsible buckets, tractor tires, etc., bandages, stretchers, tents, and tarpaulin for army

trucks as well as for coverings of instruments, big guns, and machinery.

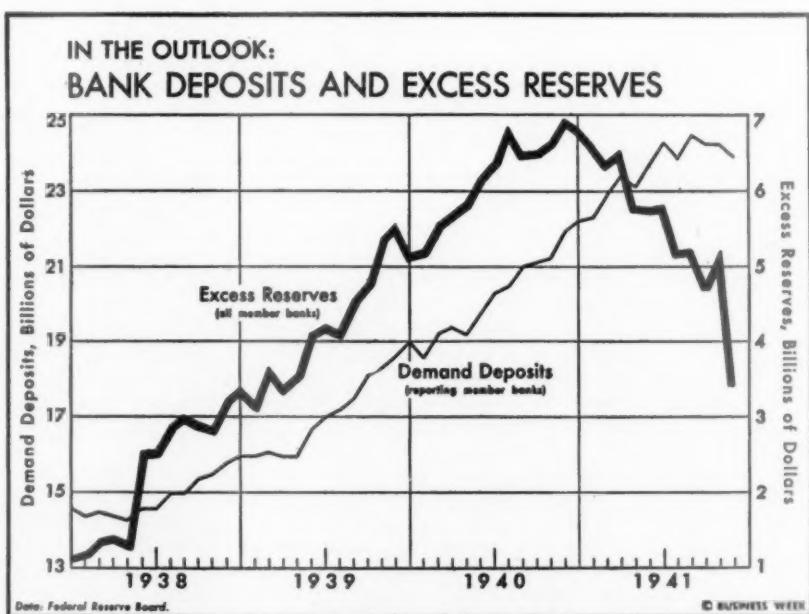
Even though cotton production is at a peak, finishing companies have had to curtail operations because of shortages of grey goods, particularly of print cloths. Going explanation in New York's Worth Street is that the government has tied up raw materials with forward purchases of army supplies. Paper production may also be hurt by scarcity. Output of mills is running close to the recent record high of 109.7% of capacity. (The drop two weeks ago to 104% was attributable to the election holiday.) But shortages of waste paper may force curtailment.

What has happened in cotton converting (also in steel and pig iron) and

may happen in paper is fairly symptomatic of booms time industry. Whenever business as a whole runs at peak, inefficiency creeps into production—supply shortages hold up work; new workers are not as fast as older hands. This increase in inefficiency is likely to count against future increases in per unit profits. And simultaneously, of course, higher wage rates and higher taxes will also be cutting stockholders' margins. The inference is that from now on profits on increased volume of output will be substantially lower than in years past or even as recently as the first six months of this year.

Stocks Not Inflation-Hedge

The general apathy of the stock market bears on this point. Consistently, stocks have discounted, or even ignored, advances in business. Apparently stocks are not highly regarded these days as open-and-shut hedges against inflation. Theoretically, when prices rise, stocks also advance, because it is assumed that business men will be able to boost profits on a higher price level. But



Here is a contrast: Inflation versus deflation. Bank deposits are just about at an all-time high and a definitely inflationary factor in the economic picture. For, money in the bank represents potential purchasing power. On the other hand, excess reserves of member banks have fallen off sharply. Main factor in the drop was the boost in reserve requirements (effective Nov. 1). With excess reserves down,

banks are apt to be less inclined to lend; that puts some pressure on credit expansion. However, at \$3,500,000,000, banks still have plenty of excess reserves to meet all urgent calls for credit—and then some. Proof is that (1) business loans advanced \$60,000,000 last week; (2) banks have not been cutting investments in long-term government bonds. But there has been some selling of short-term issues.

wartime restrictions and higher costs seem to be disqualifying common shares as the traditional inflation antidote. Result: Currently, the Standard Statistics average of 90 stocks is about at its low for the year and only 6% above the fall-of-France low in May, 1940.

Short-term Treasury bills have likewise been weak, but for an entirely different reason. New York City banks were somewhat pressed for reserves following the Reserve Board's boost in Reserve requirements, effective Nov. 1 (see Outlook Chart), and they liquidated some of their short-term governments and stopped buying new bills. Now, the Treasury has to sell its short-terms to interior banks; and inland banks can only be interested at higher interest rates. From next to no yield, Treasury bills are now being offered at $\frac{1}{4}$ of 1%. This hardening has not yet spread noticeably to longer-term bonds; thus it is too soon to conclude that a trend toward higher interest rates in general is developing.

Shells of Steel?

Substitution seen as means of releasing copper for civilian use, but Army hesitates despite example of other nations.

Arguments still fly back and forth in Washington as to whether there is enough steel. About a shortage of copper, there is no debate, only hope—hope that patently is growing stronger as experiments continue on substitution of steel for copper in shell casings. OPM officials are more optimistic than Army Ordnance officers, but there may be news soon to scale down the present estimate of a 750,000-ton shortage in 1942.

• **Substitution**—About 500,000 tons of copper are expected to go into shell casings next year. Substitution of steel would cut consumption of copper in casings by 70%, thus releasing 350,000 tons for civilian uses hard hit by OPM's drastic conservation order (BW—Nov. 15 '41, p40).

Objections to the substitution of steel for copper in shell casings cannot be lightly tossed aside. The Germans seem to be doing all right with steel casings but the Army wants to be sure. It is carrying on its own experiments and also watching closely operations of the American Fork and Hoe Co. of Ashtabula, Ohio, which is manufacturing steel 75mm. casings for the Canadians.

• **Reuse Factor**—Rustless storage has been an overwhelming argument for copper, but shells are pretty fast moving articles these days, and it is thought that a thin plating of copper would offer adequate protection. More serious is



FOR THE LITTLE MAN

Three six-car trains—each labeled "Defense Special," and painted red, white and blue—left Washington last week to start a nation-wide, 40-day

tour to spur subcontracting, help small manufacturers determine what defense goods they can produce. The trains, sponsored by OPM's Contract Distribution Service, will stop in 79 cities (BW—Nov. 8 '41, p20).



the practical impossibility of reuse of steel casings. Army practice now is to use brass (copper) shells five times. It is feared that steel would be too badly corroded by powder fumes to permit more than one use. Many more steel than brass shells would consequently be needed. There is also the greater difficulty of working steel.

A more technical difficulty concerns heat conductivity and coefficient of expansion. When the charge is detonated a copper shell casing heats rapidly, expands and seals the breech; then it cools quickly and shrinks to permit easy ejection. It is questionable whether this action can be obtained with steel.

• **Pursuit of an Idea**—Incidentally, an American engineer more than three years ago helped the Czechs perfect a

process for making steel shell casings at the Skoda Works. After the Germans moved into Czechoslovakia, he went to France and was working on the same development with the French at the time of the invasion.

Thereafter he returned to the United States and last fall went to the ordnance officers in Washington with the idea of steel shell casings. This time he was turned away with the remark, which at that time seemed altogether logical, "Oh, we've got more copper than we'll ever need."

The engineer placed his process before the Russians this spring. They snapped it up, and he left for the U.S.S.R. last April. So far as his friends know, he's still in Russia as the United States experiments with steel casings.

Labor's National Emergency

C.I.O. support of Lewis is given with realization that, regardless of coal outcome, rules for all unions are due for change. Murray's "industrial councils" pushed at Detroit.

For the third time in less than six months, steel company-owned coal mines were closed this week by a strike led by John L. Lewis to secure the union shop for his United Mine Workers of America. Estimates of how long existing coal piles would last the steel companies varied from 10 to 30 days, but it was clear at once that sharp curtailment in steel production was imminent and the whole defense program threatened.

Further, it was clear that the rich seams of coal running through West Virginia, Pennsylvania, Ohio, and Illinois, which yield the steel companies almost the only coal suitable for steel-making, were more than isolated battle stations in a war between Lewis and their owners. The coal towns and the pit heads of the captive mines were the scene of what looked very much like a showdown between organized labor and the government of the United States.

• **Lewis Holds High Hand**—As reports of the effectiveness of the stoppage reached Washington, the record showed that even though the government had an Army, an Administration, and a Congress all prepared and willing to crush the strike, John Lewis had the miners; and bayonets and laws could not mine coal. And so, before the draw at least, the shaggy labor chief held the high hand. He was playing to force the Administration to reverse its "no union shop" stand and force the steel companies to come to terms with him.

• **No Immediate Crackdown**—The strength of Lewis's initial position was attested by the fact that last week, before the strike was called, Capitol Hill, the White House and all Washington seemed in agreement that immediate and drastic action would have to be taken to keep the mines open. On Saturday, President Roosevelt conferred with the Secretary of War and with Army officers on a plan to move soldiers into the coal towns. On the same day, Rep. Howard Smith announced that when the House reconvened on Monday, he would move for immediate consideration of the Vinson "cooling off" labor bill and that he would offer amendments to it providing that open shops would remain open and closed shops closed for the duration of the emergency. Other measures which Smith said he would write into the Vinson bill would prohibit mass picketing, outlaw jurisdictional and sympathetic strikes, and provide for government-conducted strike polls in unions.

Yet on Monday when the strike went

into effect, the soldiers stayed in their barracks and Rep. Smith did not make his motion. Washington's passivity was eloquent testimony that Lewis was not to be taken—in the beginning, at any rate—by a direct attack. It meant that the Administration was convinced that the miners' first loyalty was to their union, that sharp action would boomerang.

• **Waiting for a Bill**—With both military force and brash legislative remedies held in check, labor expected first a personal appeal by President Roosevelt to the 55,000 miners, urging them to return to their jobs in the interest of national defense. Such a move seemed fated to be the only attempt to stop the strike by persuasion. If it did not work, and it seemed a long chance, Congress was in the mood to try anything boomerang or no boomerang, and that's why it was imperative for the Administration to rush the formulation of its own policy if it wished to keep control of the legislative situation.

With Congress threatening to take the situation into its own hands, the

best guess at midweek was that the President would seek to cut through the impasse by commandeering the mines and asking the miners to come back to work—not for the steel companies but for Uncle Sam. Such a proposal, put on patriotic grounds, might have a good chance of succeeding, particularly if it were accompanied by an agreement guaranteeing, in effect, maintenance of union membership in the captive mines at its present 95% strength and providing that the closed-shop issue would be settled, ostensibly to the satisfaction of the miners, before the properties—and profits—were returned to the companies.

While observers were conjecturing about such Administration tactics in dealing with the coal strike on a short-term basis, some of its plans for dealing with labor policy generally on a long-term basis became apparent when the House Labor Committee began consideration of a bill to give recommendations of the Mediation Board the full force of law (page 7).

• **All Out for Lewis**—Meanwhile, the room which had been reserved on Monday for Lewis at a Detroit hotel was occupied by one of his representatives. Scheduled to appear in the Motor City for the opening of the C.I.O.'s fourth constitutional convention, Lewis stayed in Washington. His absence meant that he was counting on the Detroit meeting to provide him with solid anchor men in his tug-of-war without it being neces-



First official act of the C.I.O. convention in Detroit this week was to back Philip Murray—president of the C.I.O. and first vice-president of the United Mine Workers—in his support of John L. Lewis in the coal strike, and to denounce as "the vilest kind of treachery" the action of the A.F.L. representatives on the NDMB in voting against the union shop.



Press photographers provided the only bright interlude in the job that faced Frank Purnell of Youngstown Sheet & Tube, Eugene Grace of Bethlehem Steel, and Benjamin Fairless of United States Steel as final negotiators for the

steel companies in the captive coal mines case. Their last act was to deny differences between them charged in John L. Lewis' statement that Mr. Grace alone was determined to hold out against the closed shop.

sary for him to make a personal appearance in the opening sessions. He was right. The first official act of the C.I.O. convention was to pledge by unanimous vote full support to the Mine Workers Union in their strike for a union shop.

It was considered somewhat paradoxical that immediately afterwards and with equal unanimity officers of the C.I.O. pledged full support to the national defense program. With only a few dissenters—notably Lewis's mine and construction workers—they then rose to cheer President Philip Murray's statement that he hoped the convention would endorse the foreign policies of President Roosevelt. The inconsistency of taking two such stands was exposed subsequently when, at a later meeting, the delegates split on the question of whether all-out aid to the victims of Hitler aggression required postponement of union drives for the closed shop. But this was only a theoretical difference; no one publicly recommended that the unions repudiate Lewis.

• Unwelcome Issue—Unquestionably a majority of the 500 delegates at Detroit who represented close to 5,000,000 C.I.O. members in 48 industries would have liked to duck the mine-strike issue. Win, lose, or draw, they were convinced that Lewis and his strikers had set in motion forces which were going to encroach on their freedom. The handwriting showed on the wall the second day of the convention when reports from Washington indicated that the House Rules Committee had detoured the price-control bill and that Congress

would hold up all other significant legislation until anti-strike legislation was considered; the narrow squeak which the Neutrality Law amendments had in the House last week (BW—Nov. 15'41, p7) had suggested the temper of Congress. Regardless of the outcome of the mine strike, C.I.O. delegates knew that rules of conduct for unions were bound to be written into federal statutes. Yet Lewis had them on the spot. His strike was already an accomplished fact, and when Philip Murray, who is not only C.I.O. president but also vice-president of the miners' union, brought the issue before them, they couldn't sidestep.

Knowing that restraints will be imposed on its freedom of action in striking, the C.I.O. is now out to entrench itself by getting a partnership in running the defense program. By shunning participation in such agencies as the National Defense Mediation Board and other OPM Labor Division activities, it hopes to use its bargaining weight to force inauguration of the so-called "Murray Plan" of national industrial councils. Under this plan, advanced as a device to ensure maximum defense production, boards composed of labor and industry representatives, as well as government representatives, would be responsible for gearing each industry's output to national defense.

• How Councils Would Work—The industrial councils envisioned by the C.I.O. would distribute defense orders among the firms in a given industry; would handle price problems for the industry; allocate raw materials among

the industry's firms; adjust labor supply; handle labor training; order the participation of individual firms in the industry-wide program; and help to enforce such laws as the Wagner, Walsh-Healey, and Wage-Hour Act. With C.I.O. representatives established as equals with management representatives, it would be a simple matter for them to extend their power, influence, and membership without resort to strikes.

But even though its major emphasis in the period immediately ahead will be on promoting the Murray plan, the C.I.O. will push ahead with its organizing drives in the established way until it is forced to change its methods. Its three prime objectives are (1) the aircraft industry, (2) the oil industry, and (3) assorted industrial plants in the South where it is now weakest. Outside of Eugene Grace, who is presented as the arch-foe of unionism in steel and coal, C.I.O.'s No. 1 personal target is Sewell Avery, who, as chairman of Montgomery Ward, is under attack from the United Retail and Wholesale Employees Union for allegedly unfair labor practices and, as chairman of U.S. Gypsum, is threatened with strike action by the chemical and by-products division of the United Mine Workers.

Anyone who looked for the C.I.O. voluntarily to change its spots at its Fourth Convention was doomed to disappointment. There had been considerable pre-convention talk about another attempt to win a majority for re-instituting negotiations with the American Federation of Labor, looking toward re-uniting the labor movement. But when the two A.F.L. members of the National Defense Mediation Board joined the public and employer members of that body in opposing the union shop in the captive mines (BW—Nov. 15'41, p14), such high hopes went glimmering. Philip Murray, usually a very soft-spoken man, used strong language in condemning that A.F.L. action as "treachery" when he reported the NDMB proceedings to the convention. It was an earnest that C.I.O. bitterness toward the rival federation was more intense than ever before.

• No End of Raiding—In spite of the President's personal appeal, the raiding by one labor group of the other will continue unabated, barring effectively enforced legislation banning jurisdictional strikes. What small hope there may be for limiting it seems to lie in extending the application of local industry pacts between the two organizations, similar to the one recently adopted for the New York City electrical industry (BW—Oct. 25'41, p64). But even these small measures depend on a willingness to handle problems temperately, and there was nothing in C.I.O.'s Detroit meeting to suggest that it was any less belligerent or more chastened than in the past.

Making It Simpler

Defrilling progresses but not wholly according to plan. Standardization seems still to be in the picture.

Conclusion last week of an agreement between OPM's Bureau of Industrial Conservation and the Consumer Division of OPA has been cited as throwing the first real light on the government's shadowy simplification-standardization program (BW-Oct.11'41,p22). That agreement, in the form of an exchange of letters between Lessing J. Rosenwald, conservation chief, and Dr. Robert A. Brady, head of the Consumer Division's Standards Section, delineates, for the first time, spheres of activity—simplification for the Conservation Bureau, standardization for the Consumer Division.

• **"World of Difference"**—The exchange also provides the first official definition of the terms "standardization" and "simplification." Washington has been careful right along to make it plain that they aren't one and the same thing. Donald Nelson said there was a "world of difference." Trouble is that no one has known precisely what the difference was.

Rosenwald's letter states that the Conservation Bureau has assumed "responsibility relating to simplified practices, that is—the reduction in the number of various styles, types, or grades of products manufactured, with the objective of saving vital materials for defense and essential civilian uses. The development of standards, grades and quality-identifying labels will be handled by the Standards Section in the OPA."

• **Standardization Back In**—When the Conservation Bureau was set up a month ago (BW-Oct.18'41,p8) and handed the simplification plum, there was speculation as to whether the national defense dust heap wouldn't get OPA's idea of setting up performance and construction standards as insurance against the use of simplification, substitution, and price-fixing programs to cover cuts in quality and resultant "hidden" price increases. Now the idea is at least accorded recognition in an official pronouncement.

In practice, there probably will be no such complete separation of activities as Mr. Rosenwald's letter indicates. For instance, OPA will continue work on a number of simplification projects already started when the Conservation Bureau was set up. These were turned over to the bureau but, in most cases, Mr. Rosenwald handed them right back.

• **A Practical Split**—Actually it looks as if OPA will work on both standardization and simplification of consumer goods lines, at least when the two activi-

ties overlap. The Conservation Bureau is expected to take the responsibility for defrilling products used in industry—and possibly also for some standardization of these. Notably, E. W. Ely, who has long headed up the simplified practice division of the National Bureau of Standards, is now assisting Rosenwald.

Eventual plan is for a close relationship between the Conservation Bureau and the Standards Section. A Standards Section representative will have a desk in Mr. Rosenwald's office, and vice versa. Right now, this development is held up by physical limitations on personnel and office space.

The Rosenwald office, established only a month ago, hasn't had time to make much headway with its simplification plans. A fortnight ago, it sent out a feeler via a general call to business to draft simplification programs with the help of the Conservation Bureau (BW-Nov.8'41,p8). There's been a fair-sized response, but almost entirely from manufacturers of industrial supplies, who have a long-time familiarity with standardization and simplification and don't get edgy at thoughts of "regimentation."

• **Stripping Down**—The Standards Section has over a score of projects under way. So far they have borne meager fruit—largely because they have undergone drastic trimming at the hands of OPM commodity sections. For exam-

ple, OPM accepted the Standards Section's recommendation for a ban on auto "bright work" (BW-Nov.1'41,p16), but, for the time being at least, it has turned thumbs down on more drastic suggestions submitted at the same time. Notably, OPA—with its eye still on the consumer's pocketbook—would have liked to see restricted auto production forced into proportionately the same price classifications as were adhered to in the 1941 model year. Its idea was to make sure that the car companies didn't concentrate their limited supply of raw materials in the production of high-priced models.

This sort of thinking has given currency to reports that "Washington" has plans for forcing manufacturers in many lines, particularly household appliances, to concentrate production on inexpensive "stripped" models which would be well within reach of the lowest income groups. So far, there are no indications that OPM and SPAB are thinking in this direction. However, as the raw-materials pinch becomes tighter, some of OPA's more drastic recommendations may be expected to see the light of day. Suggestions for further denuding of autos—a ban on remaining extra equipment, two-tone body colors and upholstery—get serious attention.

• **Projects under Way**—General progress of the Standards Section's programs obviously depends on the degree of



HARD HITTER

The new, faster, more heavily armed Curtiss Hawk P-40 pursuit plane (known as the P-40F), designed by Curtiss-Wright for the U. S. Army Air Corps, is being hailed by its manufacturers as "the hardest hitting fighter in the world." Though the number of guns on the plane and their caliber aren't being announced, Curtiss-

Wright says the P-40F "will outshoot any combat plane of its type in the air . . . compare favorably in the matter of speed with any fighter in the world . . . go into action at a ceiling comparable with aircraft which it will meet in combat." It's also the first warplane of the United States to be powered with the new American-built Rolls-Royce Merlin engine of British design.

receptivity to defrilling and standardization that is shown by individual industries: Simplification of tin can sizes, coupled with standards for volume content units, should be forthcoming any day now; it probably will go hand in hand with a raw-materials allocation order from OPM. Men's shirt and pajama manufacturers have been working with OPA on a simplification-standardization program which should shortly go into effect. Other Standards Section programs which are pretty well along involve radiators, bed sheets and pillowcases, textiles (rayon and cotton), blankets, bedsprings, furniture. Projects for floor coverings, washing machines, mattresses, refrigerators, shoes, and tires are not so far advanced. Incidentally, industries that play ball by defrilling to the limit are likely to get preferred treatment when it comes to handing around the raw materials.

Manufacturers would be well advised not to embark on industry-wide voluntary defrilling or standardization without consulting Washington. Attorney-General Biddle has given his approval to the simplification-standardization program, but with the plain understanding that the Department of Justice isn't clearing schemes which lack the stamp of a defense agency and its own specific approval from possible antitrust prosecution. The reason for the Justice

Department's interest is obvious: Standardization and simplification could be used to freeze design, raw materials, and production technique; standards could conceivably be rigged by a group of manufacturers to keep production of its line out of the reach of competition—notably of lower-priced competition.

Both the Conservation Bureau and the Standards Section have served notice that they want to deal with whole industries, not trade associations with limited representation.

More Lines for Oil

Southeastern pipeline set for dedication, Montreal-Maine link in service. Pumps work to release tankers for war.

War threats to ocean-going tankers emphasize the deadly importance of the nation's oil pipelines. One hit by a torpedo, and the tanker with its cargo may be a goner. But pipelines carry gasoline or crude through hidden arteries, 3½ ft. underground, comparatively safe from bombings. And they are quickly repairable if ruptured.

Elimination of the proposed \$75,000,000 national defense crude line,

from the Texas fields to northeastern refineries, hasn't affected the completion of other and more immediate commercial projects. This proposal was officially killed when SPAB refused the necessary steel (BW—Nov. 15'41, p38). Telling arguments in its undoing were that the line couldn't have been completed until well into 1942 which might have been too late and wasn't justifiable economically. Obsequies were forgotten in a series of openings of new lines by private companies—legitimate additions to the national distribution system.

- **Chattanooga to the Sea**—Biggest of these is the 456-mile Southeastern Pipe Line. It will pump gasoline from St. Joe, Fla., to Chattanooga and intermediate points (map, page 20). The line, which cost \$6,500,000 including pumping and terminal facilities, is finished, but Southeastern, which is jointly owned by Pure Oil Co. and the Gulf Oil Corp., expects to open it up only as far as Atlanta, Ga., next week. The line is capable of handling 30,000 bbl. of gasoline a day.

Last week New Jersey Standard opened its new crude oil line from Portland, Me., to Montreal (BW—Nov. 15'41, p38). This 263-mile line, costing \$8,800,000 with pumping stations and marine terminals, saves a tanker 12 days on the round-trip between Montreal and the Gulf-Caribbean fields. Moreover it will simplify Canada's storage problem since the pipe will continue to deliver oil during winter when the freezing of the St. Lawrence stops tanker operation.

Shell also is making new tracks on the pipe map. Last month it opened an 85-mile crude line between Ventura and Wilmington, Calif. (BW—Sep. 27'41, p50). The company has since opened a gasoline line between Fall River and West Boylston, Mass., via the Boston suburbs.

In addition, the new Plantation gasoline line from Baton Rouge, La., to Greensboro, N. C., is being rushed, should be completed by the end of the year. This line, 1,261 miles long, will be able to pump 60,000 bbl. daily. Jointly owned by Standard of New Jersey, Standard of Kentucky, and Shell, it will cost between \$12,000,000 and \$15,000,000, with \$4,000,000 for pumping and terminal facilities.

- **Ready for Trouble**—These completions have a direct bearing on the war transport problem which may again become acute if disastrous losses of British vessels or Nazi capture of Russian oil fields in the Caucasus force heavy diversion of American tankers from domestic runs. It is estimated that the Southeastern and the Portland-Montreal pipelines each release three tankers for service elsewhere, and that the Plantation line will release 10 tankers.

Though the \$75,000,000 national defense pipeline went overboard, it stimulated Congressional interest in pipelines generally and contributed no little



The 456-mile Southeastern Pipe Line, a joint operation of the Pure Oil Co. and Gulf Oil Corp., which will pump

gasoline from St. Joe, Fla., to Chattanooga, took 31,000 tons of steel for its construction, cost \$6,500,000.



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The likeable young women at the switch-board, phone-order salesmen, dispatchers, crane operators, skilled warehousemen who cut, shear and shape stock sizes to fit your specifications, truck drivers—all of them are key people at Ryerson—key people in *your* service, when you need steel!

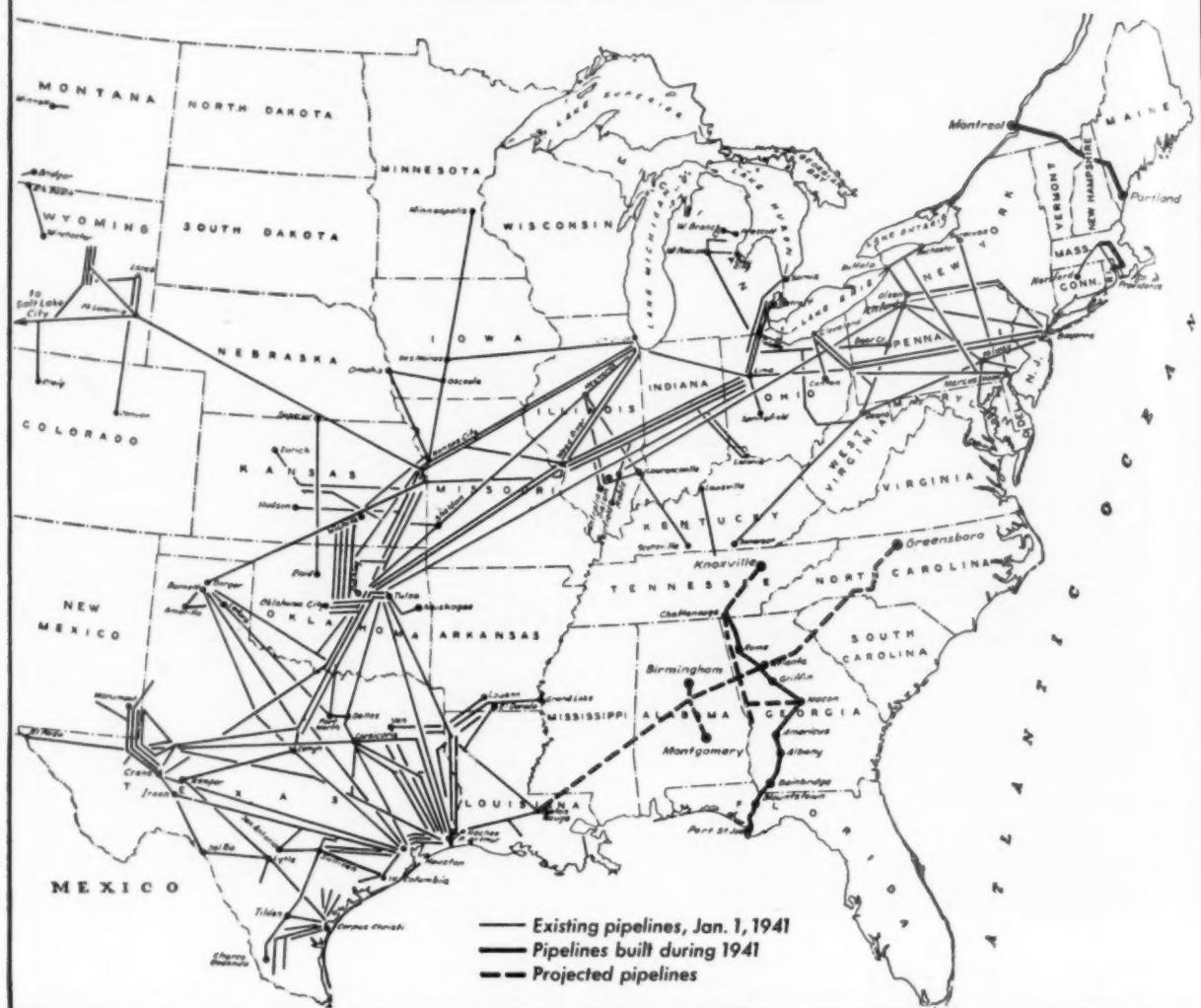
Although the National Defense program and essential industries come first, we are putting forth every effort to serve all Industry to the best of our ability. Naturally, many sizes and certain products are out of stock. However, for the most part you can depend on Ryerson for immediate shipment of a wide range of steel products.

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ADDING TO THE NATION'S PIPELINE PATTERN



Oil can be carried by tanker cheaper than by pipeline. But it takes longer, and, for the present, saving time and freeing tankers for service elsewhere is more important than saving money. That's one of the big reasons behind the current pipeline activity. The Southeastern Pipe Line from Port St. Joe, Fla., to Chattanooga, Tenn., to

be opened next week, and the Plantation Pipe Line from Baton Rouge, La., to Greensboro, N. C., to be finished in the next few weeks, will eliminate time-consuming hauls around the Florida peninsula for tankers carrying gasoline from Texas refineries to Atlantic ports. The new crude line from Portland, Me., to Montreal saves

Gulf tankers a 12-day run around the Maritime Provinces and up the St. Lawrence. Not shown on this map of major pipelines is the network distributing oil from California fields to Los Angeles and the San Francisco Bay area. Last month Shell added to this network by opening an 85-mile line from Ventura to Wilmington.

to the passage of the Cole bill giving the right of eminent domain to such projects. This act was literally a life saver to the Southeastern and Plantation lines.

The Southeastern line was started in February, 1940, should have been finished by the following June. But railroads in Georgia refused to let the pipe cross under their tracks and state road authorities, allegedly egged on by rail interests, prevented the pipe from crossing under highways. Plantation encountered similar obstructions. Signing

of the Cole pipe line bill last July freed these projects, the first in the Southeast.

- **Shorter Hauls**—Most significant saving of the new lines will be in tanker mileage. The Southeastern line, for example, saves tankers the long trip around Florida to unload at Atlantic ports for the inland market area. They can now make the short haul from Texas refineries to St. Joe on the Gulf. Thus tankers from the Pure Oil refinery at Port Neches, Tex., which formerly made runs of as long as a week or more to

eastern seaboard cities now need only 54 hours to cover the 600 miles to Port St. Joe. Northern terminal of the line is at Chattanooga, on the Tennessee River, canalized by the TVA. Use of barge transport from this end of the pipe is among the possibilities.

Under the defense impetus, 4,500 miles of new pipeline were built during the year ending Oct. 1. This brought the national total to 131,000 miles. Some years back treatises on the industry stated solemnly that pipelines were



PROVED ALL WAYS for *Come what may!*

THE BROAD HIGHWAY of business-as-usual is temporarily closed—Americans have taken to the great detour of National Defense. It is a hard new way, and no man can say what wilderness we may traverse before we emerge again upon the open road.

Men and their machines face new endurances, new sacrifices. And as we go forth to meet this challenge that is not of our choosing, we shall find also new accomplishments, new victories. We travel into wilderness, but our route is the right-of-way to America's destiny.

Americans are proud of the American character. They believe it to be sound and deep beyond the needs of this emergency . . . and well they know it is not on life's four-lane highways that character is molded.

Since the days of the pioneers the heart and sinew, the spirit and the soul, of this nation have been nour-

ished on the detours. Hard work has made its people strong. As we judge by the past, we may know that we shall gain again by setting wheels off beaten paths to sterner ground.

As with men, so with machines! In the scene above, one of the Army's INTERNATIONAL 6-wheel-drive 2½-ton trucks rides the twist course at the International proving ground. Brawn and character are bred into a truck—not on the broad and finished highway but on such a "detour" as this, where a routine hour of torture packs more punishment than many trucks meet in a working lifetime. *For the military and civilian needs of the nation, Internationals, now as always, are proved all ways for COME WHAT MAY!*

INTERNATIONAL HARVESTER COMPANY
180 North Michigan Avenue Chicago, Illinois

INTERNATIONAL TRUCKS



Sumner Sewall, Governor of Maine (left), and A. Clark Bedford, president of the Colonial Beacon Oil Co., turn

the valves which sent the first oil flowing through the new 236-mile pipeline between Portland and Montreal.

used only for the transportation of crude. Extension of lines for gasoline and other refinery products is an outstanding recent development. Actually more gasoline lines were built in the past year than crude lines—2,700 miles against 1,800. Breakdown of the total is 119,000 miles of crude lines, 12,000 miles of product lines.

• **Comparative Costs**—Veins on the pipeline map disclose how the job of transporting oil divides along the lines of lowest cost. Since there is no right-of-way expense or upkeep, water transport remains the cheapest method of delivering the goods. It costs 1½¢ to bring a gallon of gasoline from the Texas Gulf to northeastern ports by tanker; 5½¢ for the same gallon by rail. Pipeline costs are 30% to 40% higher than by tanker but are much lower than by rail.

Hence the map reveals intricate patterns of pipelines throughout thickly-settled areas of the interior, converging on ports where crude is shipped or gasoline dispersed. In the great Texas-Oklahoma-Louisiana producing area the crude lines flow down to salt water and the big refineries. Because of former dependence on tankers to coastal markets, the huge southeastern region lacked pipelines of any kind before the advent of Southeastern and Plantation. From the refineries around New York and Philadelphia, gasoline lines finger out toward the interior markets.

• **Reversing Lines**—The suggestion of reversing these gasoline lines to bring crude oil from the west caused one of the nastiest rows of the late Atlantic seaboard shortage. Petroleum Coordinator Ickes had to retreat hastily from an order against sending gasoline and other refined oils out of the coastal area be-

cause of the uproar from threatened points in Ohio. Actually there was little reversal of the gasoline lines before the crisis ended. Standard of New Jersey did about-face its Tuscarora line (Bayway, N. J., to Midland, Pa.) to substitute in-bound crude for out-bound gasoline. The problem involved relocating pumping stations to take care of the change in pipe inclines caused by the change in direction. Estimated cost of this was \$250,000 to \$300,000.

The pipeline of today is welded into a solid steel tube good for fifty or sixty years and bearing little resemblance to its primitive ancestry. First pipeline on record was a siphon laid over a hill to a Plumer, Pa., refinery in 1862, by J. L. Hutchings, from New Jersey. Later Hutchings tried a three-mile line and a pump. The oil leaked at the joints and the experiment was generally acclaimed as a failure and darn foolishness. But in 1865 Sam Van Syckle laid a four-mile pump line at Titusville, Pa., which was technically and commercially successful.

• **Painful Progress**—It wasn't long before tobacco-chewing teamsters who had scoffed at pump competition were frightened into muscular demonstrations. They ripped up pipe, slugged pipeline workmen. Their violence made good material for movies 70 years later (Irene Dunne in "High, Wide and Handsome," for example) but could not stop progress. Like the steel and ore freighters of the Great Lakes, the pipeline was a device perfect for its product and it had come to stay. Transporting a fluid in a single direction, volume could be increased by adding pumps to speed the flow. It was pipelines that made possible the big refineries situated at distant market centers or ocean terminals.

MAJOR PIPELINE SYSTEMS

CRUDE OIL

Company	Miles of Trunk Lines
Ajax Pipe Line Corp.	789
Atlantic Pipe Line Co.	1,150
Basin Pipe Line Co.	118
Buckeye Pipe Line Co.	1,687
Cimarron Valley Pipe Line Co.	292
Continental Pipe Line Co.	1,483
Deep Rock Oil Corp.	520
Derby Oil Co.	169
Empire Pipeline Co.	633
Eureka Pipe Line Co.	1,384
General Petroleum Corp.	804
Gulf Refining Co.	5,823
Humble Pipe Line Co.	5,095
Illinois Pipe Line Co.	4,745
Indiana Pipe Line Co.	658
Kaw Pipe Line Co.	586
Magnolia Pipe Line Co.	3,929
Michigan-Toledo Pipe Line Co.	299
National Transit Co.	1,243
New York Transit Co.	152
Northern Pipe Line Co.	624
Oklahoma Pipe Line Co.	1,311
Pan American Pipe Line Co.	273
Pasotex Pipe Line Co.	195
Portland Pipe Line Co.	175
Pure Transportation Co.	544
Richfield Oil Corp.	352
Shell Pipe Line Corp.	4,616
Simrall Corp.	300
Sinclair Refining Co.	6,487
Skelly Oil Co.	450
Soco-Vacuum Oil Co., Inc.	1,442
Sohio Pipe Line Co.	1,244
South West Pennsylvania Pipe Lines	570
Southern Pipe Line Co.	268
Standard Oil Co. of California	207
Standard Oil Co. of Louisiana	1,655
Standish Pipe Line Co.	1,324
Stanolind Pipe Line Co.	7,066
Sun Pipe Line Co.	460
Texas-Empire Pipe Line Co.	1,720
Texas-New Mexico Pipe Line Co.	1,388
Texas Pipe Line Co.	5,898
Tide-Water Pipe Co., Ltd.	288
Tide Water Associated Oil Co.	825
Transit & Storage Co.	210
Union Oil Co. of California	857
Utah Oil & Refining Co.	486
Valvoline Oil Co.	288

GASOLINE*

Arkansas Fuel Oil Co. (leased)	190
Buffalo Pipe Line Corp.	161
Champlain Refining Co.	516
Derby Oil Co.	56
Detroit Southern Pipe Line Co.	86
Globe Oil & Refining Co.	225
Great Lakes Pipe Line Co.	2,127
Humble Pipe Line Co.	300
Keystone Pipe Line Co.	653
Magnolia Petroleum Co.	725
Phillips Pipe Line Co.	1,071
Plantation Pipe Line Co.	1,261
Richfield Oil Corp.	165
Shell Oil Co., Inc.	905
Soco-Vacuum Oil Co.	750
Southeastern Pipe Line Co.	450
Standard Oil Co. (Indiana)	600
Standard Oil Co. (Ohio)	225
Stratton Pipe Line Corp.	58
Susquehanna Pipe Line Co.	851
Tuscarora Oil Co., Ltd.	544
Union Oil Co. of California	171
United States Pipe Line Co.	58

* Includes lines transporting other products of refineries and natural-gasoline plants.



PLANNED FOR THE YOUNG MEN OF AMERICA

The Penn Mutual Life Insurance Company announces an exclusive and unprecedented answer to the problems which face young men in these times of economic change.

This crucial year and the years to follow it present a challenge to every man. But it is the young men who must meet the challenge most surely and completely.

For this reason, Penn Mutual has concentrated its research facilities on the financial problems of young men who are making their way in a world that is rapidly changing.

Out of this research has come *The Independence Builder* — a policy that is a pioneer in progressive life insurance . . . a plan that is born of the

times . . . a program that is adaptable to the changing economic scenes of today and tomorrow.

If you are a young man between the ages of 18 and 34, you now have an opportunity, with a single policy, to set in motion a complete insurance program which will provide you with \$15,000 of protection in your early earning years — at a cost of approximately \$200 a year (60 cents a day). At periodic intervals the policy adjusts itself to your personal circumstances. As your increased earnings make possible larger premiums, the protection continues until at age 65 you will receive

an income of \$100 a month for life.

The Independence Builder is an insurance policy that is completely flexible. We suggest that you ask a Penn Mutual Underwriter to show you the opportunity which this policy presents to you for today and tomorrow.

THE **Penn**
Mutual



LIFE INSURANCE COMPANY

JOHN A. STEVENSON, President
INDEPENDENCE SQUARE • PHILADELPHIA



THIS BOOKLET will explain to you how *The Independence Builder* can serve all your life insurance needs. Address Department C, The Penn Mutual Life Insurance Company, Independence Square, Phila., Pa.

That Rent Spiral

Pressure is exerted for federal legislation as problem taxes ingenuity of local boards backed by OPA and realtors.

Hit in its own pocketbook, Congress is pushing through a law to freeze rents in Washington, D. C., as of Jan. 1,

1941. Although the country's nonfarm rental business totals \$4,000,000,000 a year, rents are peculiarly a local problem (table, page 26). The fact has been recognized in current efforts at voluntary rent stabilization and the principle of regulation is embodied in the rent provision of the price control bill (BW—Aug. 9 '41, p15) which Congress may get round to passing one of these days.

The only real answer to rising rents is more houses, but building can't keep up with demand. There aren't nearly

enough materials to go around now. In some 300 areas, virtually all building has been monopolized by the federal government, which chose these localities as the training and supply bases of the defense program. Of course, rents in these frequently small, isolated areas have sky-rocketed with a flood of newcomers. In large cities, the climb in rents has been slower but a larger number of people is affected. Rising income has meant weddings and the "undoubling" of families previously housed

DORMITORIES

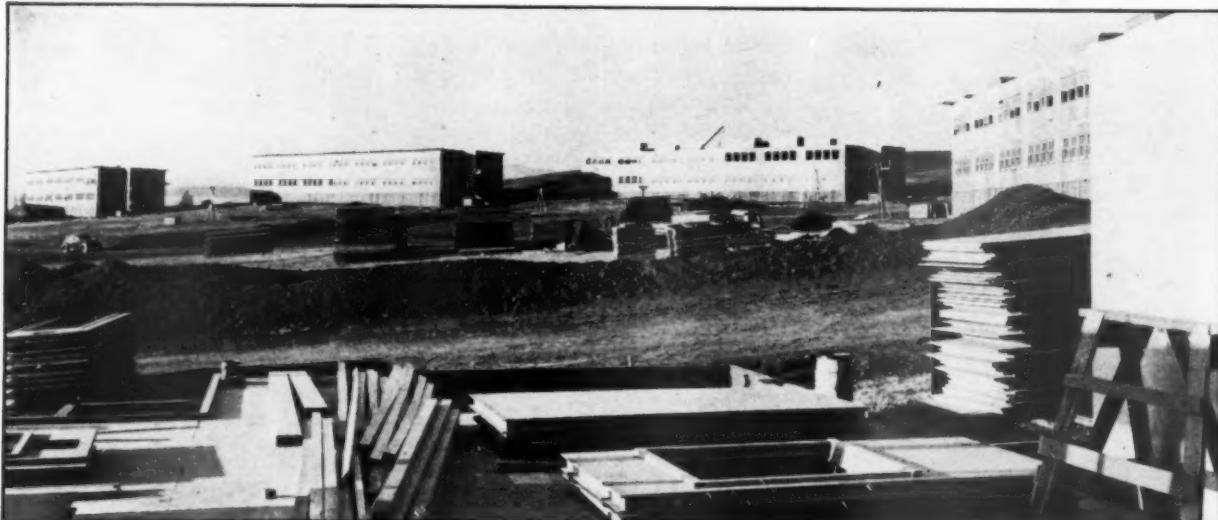
Construction specialists on the Pacific Coast are studying techniques used by the Farm Security Administration in building prefabricated, plywood, two-story dormitories to house single defense workers in Vallejo (right and below), and San Diego, Calif., and Bremerton, Wash. Business interest in the "knockdown" barracks—140 ft. long, 26 ft. wide, housing 78 men—was stimulated recently by an FSA announcement in San Francisco that when the defense emergency is over the structures will be demounted and the prefabricated parts moved to the San Joaquin Valley to be re-assembled into single-family, two-bedroom dwellings to house migrant farm workers.

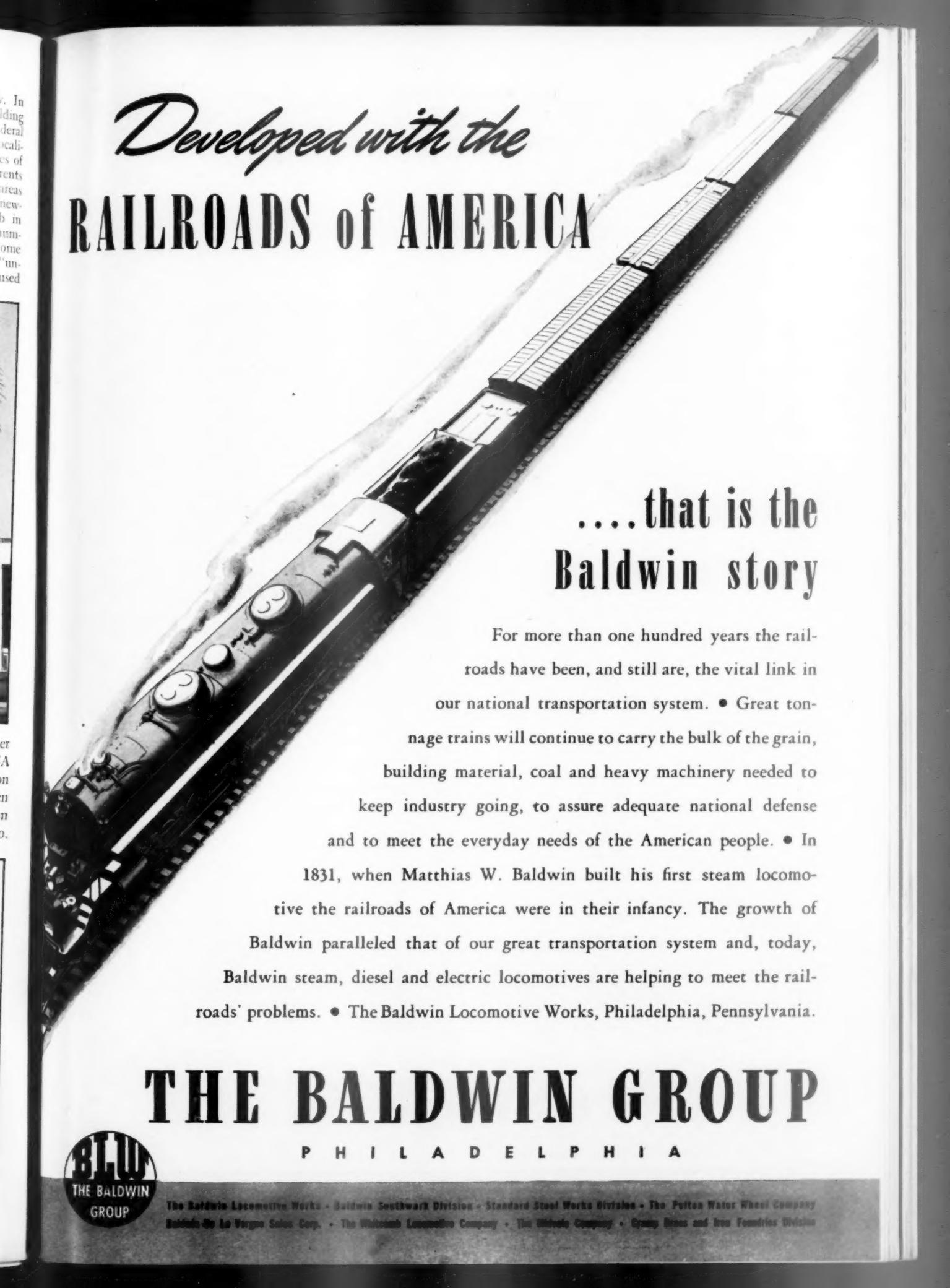
The Vallejo job, to be completed this month, includes 19 dormitories to house some 1,482 men. Buildings are being erected (with standard plywood interchangeable parts from fabricating plants in Oakland and San Diego) at an average rate of one every nine days and at a cost of \$3.26 per person housed. Besides single and double bedrooms, equipped with bed



lamps and radio outlets, dormitories include a lobby and lounge on the ground floor, and showers and toilets. Units are operated by FSA like hotels, with a manager and maid service. Furniture and linen are furnished. Dou-

ble rooms rent for \$3.50 a week per person, singles for \$5. When the FSA dormitory program is completed on the Pacific Coast there will be seven in Bremerton, Wash., and 14 in San Diego in addition to the 19 in Vallejo.





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For more than one hundred years the railroads have been, and still are, the vital link in our national transportation system. • Great tonnage trains will continue to carry the bulk of the grain, building material, coal and heavy machinery needed to keep industry going, to assure adequate national defense and to meet the everyday needs of the American people. • In 1831, when Matthias W. Baldwin built his first steam locomotive the railroads of America were in their infancy. The growth of Baldwin paralleled that of our great transportation system and, today, Baldwin steam, diesel and electric locomotives are helping to meet the railroads' problems. • The Baldwin Locomotive Works, Philadelphia, Pennsylvania.

THE BALDWIN GROUP

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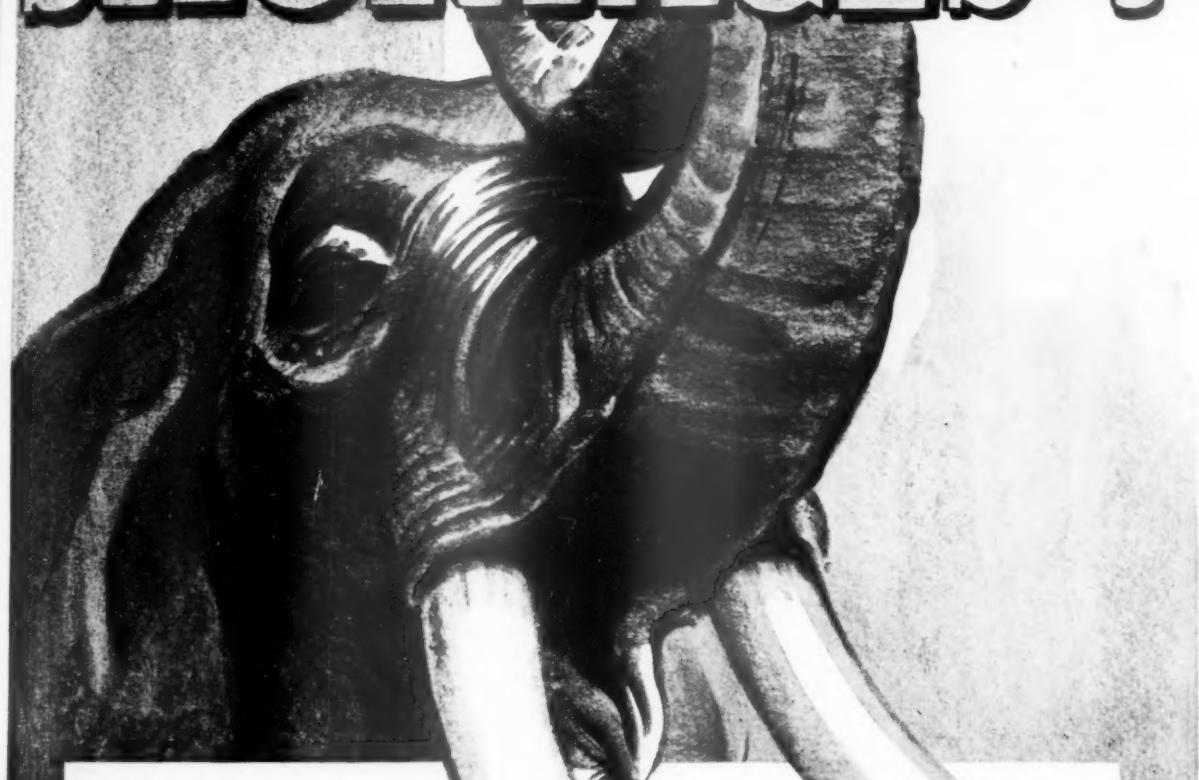
The Baldwin Locomotive Works • Baldwin Southwark Division • Standard Steel Works Division • The Fulton Water Wheel Company
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HOW RENTS HAVE BEEN RAISED*

	1940 population in thousands	Period covered by survey	Dwellings affected by rent increases			1940 population in thousands	Period covered by survey	Dwellings affected by rent increases		
			% of total	Average increase	% increase in total rent bill			% of total	Average increase	% increase in total rent bill
ALABAMA										
Anniston.....	26	3/40-6/41	39	27	11	Kansas City.....	399	9/39-9/41		
Birmingham.....	268	9/39-9/41			6.7	Rolla.....	5	3/40-6/41	38	1.0
Sylacauga.....	6	9/40-8/41	55	59	32	St. Charles.....	11	3/40-7/41	15	12
Talladega.....	9	9/40-8/41	51	71	36	St. Louis.....	816	9/39-9/41		3.0
ARKANSAS										
Texarkana.....	12	9/40-9/41	48	40	19	NEW HAMPSHIRE				
CALIFORNIA										
San Diego.....	203	10/39-7/41	54	19	9.5	Manchester.....	78	9/39-9/41		
CONNECTICUT										
Bridgeport.....	147	10/39-7/41	47	16	6.7	Portsmouth.....	15	10/39-6/41	25	4.4
Bristol.....	30	3/40-5/41	39	15	6.0					1.7
Hartford.....	166	10/39-4/41	45	12	5.4	NEW JERSEY				
Middletown.....	26	9/40-9/41	15	12	2.0	Bayonne.....	79	10/39-6/41	42	3.9
New Britain.....	69	10/39-7/41	70	14	8.6	Camden.....	118	10/39-4/41	40	3.9
New London & Groton.....	30	3/40-5/41	19	13	3.0	Elizabeth.....	110	10/39-8/41		4.0
Waterbury.....	99	10/39-7/41	62	16	6.6	Kearny.....	39	10/39-8/41		1.2
DELAWARE										
Wilmington.....	113	10/39-6/41	6	11	0.5	Paterson.....	140	10/39-8/41		2.6
DISTRICT OF COLUMBIA						NEW YORK				
Washington.....	663	9/39-9/41			1.0	Bethpage, L. I.	2	3/40-5/41	17	3
FLORIDA										
Gainesville.....	14	3/40-5/41	17	22	4.0	Buffalo.....	576	9/39-9/41		4.5
Jacksonville.....	173	9/39-9/41			8.8	New York City....	7,455	9/39-9/41		-0.5
Pensacola.....	37	3/40-6/41	22	17	4.0	Schenectady.....	88	10/39-6/41	45	6.5
GEORGIA						Syracuse.....	206	10/39-6/41	20	1.5
Albany.....	19	9/40-8/41	30	24	7.0	Utica.....	101	10/39-7/41	35	3.3
Atlanta.....	302	9/39-9/41			1.5					
Columbus.....	53	10/39-8/41	57	17	11.4	NORTH CAROLINA				
Macon.....	58	10/39-7/41	52	22	9.1	Fayetteville.....	17	3/40-6/41	42	10.0
Savannah.....	96	9/39-9/41			3.5	New Bern.....	12	9/40-8/41	26	7.0
ILLINOIS						Wilmington.....	33	3/40-5/41	39	12.0
Alton, East Alton, & Edwardsville.....	44	3/40-5/41	12	16	2.0	OHIO				
Chicago.....	3,397	9/39-9/41			3.0	Canton & Massillon.....	135	10/39-8/41	44	7.7
East Moline.....	12	10/39-4/41	6	29	1.5	Cincinnati.....	456	9/39-9/41		-0.7
Joliet.....	42	3/40-5/41	44	21	9.0	Cleveland.....	878	9/39-9/41		5.2
Rock Island.....	43	10/39-2/41	24	14	3.0	Dayton.....	211	10/39-6/41	35	3.9
INDIANA						Middletown.....	31	9/40-9/41	21	3.0
Gary.....	112	10/39-7/41	41	14	4.7	Ravenna.....	9	3/40-5/41	33	8.0
Hammond, East Chicago, & Whiting.....	135	10/39-7/41	16	12	1.8	Sandusky.....	25	9/40-9/41	33	2.2
La Porte.....	16	3/40-6/41	38	24	9.0	Warren.....	43	3/40-5/41	29	5.0
South Bend.....	101	10/39-7/41	52	20	10.2	Youngstown.....	168	10/39-8/41	34	4.3
IOWA						OKLAHOMA				
Burlington.....	26	3/40-5/41	58	33	19	Lawton.....	18	3/40-6/41	49	31
Davenport.....	66	10/39-2/41	7	14	0.6					15
KANSAS						PENNSYLVANIA				
Junction City.....	9	3/40-6/41	46	30	14	Allegheny County: Allegheny River Valley.....	98	10/39-5/41	40	11
Parsons.....	14	9/40-8/41	35	44	15	Monongahela River Valley	252	10/39-5/41	26	10
Wichita.....	115	10/39-7/41	37	14	3.7	Ohio River Valley.....	74	10/39-5/41	23	9
KENTUCKY						Scrabton.....	140	9/39-9/41		1.7
Louisville.....	319	10/39-7/41	49	16	6.5	Berwick.....	13	3/40-7/41	25	3.0
LOUISIANA						Bethlehem & Allen- town.....	155	10/39-9/41		5.2
Alexandria.....	27	3/40-3/41	65	35	23	Scranton.....	140	9/39-9/41		0.3
Leesville.....	3	3/40-6/41	90	118	107	Titusville.....	8	3/40-7/41	16	3.0
New Orleans.....	495	9/39-9/41			2.0					
MAINE						RHODE ISLAND				
Bath.....	10	3/40-3/41	22	19	4	Newport.....	31	3/40-6/41	4	14
South Berwick.....	2	10/39-6/41	16	19	1.5					1.0
MARYLAND						SOUTH CAROLINA				
Baltimore.....	859	9/39-9/41			3.7	Columbia.....	62	10/39-7/41	36	18
Elkton.....	4	3/40-6/41	9	18	2.0	Spartanburg.....	32	10/3-7/41	33	23
Hagerstown.....	32	3/40-6/41	15	13	2.0					8.0
MASSACHUSETTS						TENNESSEE				
Ayer.....	4	10/39-6/41	15	21	3.0	Humboldt, Medina, & Milan.....	9	3/40-6/41	48	80
Boston.....	771	9/39-9/41			1.3	Nashville.....	167	10/39-4/41	8	13
Quincy.....	76	10/39-7/41	18	11	0.3	Tullahoma.....	5	3/40-7/41	48	69
MICHIGAN										33
Bay City.....	48	3/40-6/41	13	19	3.0	TEXAS				
Detroit.....	1,623	9/39-9/41			5.3	Brownwood.....	13	3/40-6/41	78	64
Muskegon.....	48	3/40-5/41	15	18	3.0	Corpus Christi.....	57	10/39-7/41	49	15
Niles.....	11	9/40-9/41			5.3	El Paso.....	97	10/39-7/41	62	20
Pontiac.....	67	10/39-7/41	58	18	9.4	Houston.....	385	9/39-9/41		10.3
Ypsilanti.....	12	9/40-9/41	22	19	4.0	Mineral Wells.....	6	3/40-6/41	64	57
MISSISSIPPI						Orange.....	7	3/40-6/41	64	57
Biloxi.....	17	9/40-9/41	54	43	24	Texarkana.....	17	9/40-9/41	50	46
Hattiesburg.....	21	10/39-7/41	58	36	21.5					23
Pascagoula.....	6	10/39-7/41	56	26	13.3	UTAH				
						Ogden.....	44	10/39-5/41	15	15
										2.0
VERMONT						VERMONT				
						Springfield.....	5	3/40-6/41	41	22
						Windsor.....	3	3/40-6/41	30	19
										6.0
VIRGINIA						VIRGINIA				
						Norfolk.....	144	9/39-9/41		8.5
						Petersburg.....	31	3/40-5/41	30	23
						Radford & Pulaski.....	16	3/40-5/41	42	38
						Richmond.....	193	9/39-9/41		16
										0.8
WASHINGTON						WASHINGTON				
						Bremerton.....	15	10/39-7/41	45	19
						Seattle.....	368	9/39-9/41		7.5
						Tacoma.....	109	10/39-7/41	46	17
										7.5

*In September, 1939, at the request of federal housing authorities, the Works Progress Administration began its survey of rent movements in potential trouble areas. From time to time, the list of cities under investigation has been expanded. This explains why the data on rent movements in the table above cover different periods for different cities and hence are not directly comparable.

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under one roof. The rent problem in the defense areas affects 14,000,000 people. The federal government has provided some housing for defense workers but beyond that has not been able to do much more than keep a finger on the pulse of rents. Last June, a rent section was set up in OPA and since then this unit has officiated in the establishment of 114 fair rent committees in defense areas scattered from Bath, Me., to San Diego, Calif. Usually headed by the mayor, these quasi-official committees are composed of citizen volunteers who run the risk of being unpopular with some landlords and some tenants if they do their jobs well.

These committees have no official authority but their arm has been greatly strengthened by OPA's moral support and the cooperation of local real estate boards and their national association.

• **Enforcement Effort**—These fair rent committees can't set a rent ceiling or put landlords in jail. They are guided by rent levels prevailing on a past date. The norm varies from area to area. The publicity which attaches to their activity affords an uncertain measure of relief against profiteering. In hearing complaints, the committees have been instructed by OPA to consider as reasons for legitimate increases only those items involving significant changes in structure and facilities, increased cost of maintenance and services, fuel and utilities, increased taxes and, finally, any extraordinary reasons why the rent charged on the guiding date was unusually low.

Some committees are functioning well, others have flopped. In some areas, rents were already so far out of hand that no committee could hope to turn them back. The committees' toughest problem is the fear of tenants that they will be evicted if they squawk and some landlords have proceeded to do just that. All that the committee can do is try to influence local authorities to stay such proceedings.

• **Proposed Legislation**—As many landlords continue to thumb their nose at voluntary rent stabilization, OPA—supported by many fair rent committees—is urging enactment of federal legislation. This portion of the price control bill was not mutilated by the House Banking Committee. It provides that the Price Administrator may designate defense rental areas. After such designation, the administrator may make a recommendation for stabilization or reduction of rents within each area. Local authorities are given 60 days in which to act after the issuance of the recommendations. If they fail to do so, the administrator may establish ceilings based on rents prevailing Apr. 1, 1940, with such adjustments as subsequent increases in taxes and other costs may warrant.

In designating the rental areas, prescribing ceilings, and selecting the personnel to administer such ceilings, the

administrator is authorized to consider the recommendations of state and local officials concerned.

• **Punitive Provisions**—The general punitive provisions of the price control bill apply to the rental section. In addition, it would be unlawful to initiate eviction proceedings against a tenant who seeks redress under the bill or to refuse to renew his lease. Nobody likes to argue that the rent section of the bill is constitutional but that question doesn't seem to worry OPA lawyers.

Pool Recipe

Rules for getting defense contracts set by Hillman after study of setup for automobile metal-working plants.

"Defense pools" of idle factory equipment will be worked into the armament program, Detroit manufacturers were promised this week by Sidney Hillman after the co-director of OPM had spent three days conferring with management, labor, and political leaders in the Motor City. Following study of the industrial pooling possibilities of the automobile metal-working plants, Hillman made three stipulations: (a) Any usable pool must have a strong company in the center to accept responsibility of negotiation and performance under contract; (b) all negotiations must be channeled through the Defense Contract Service; (c) equipment not fitted for defense work cannot be given consideration or be allowed to slow up the program by experimentation.

• **Detroit Plan**—The Detroit pool, developed by Frank Rising, general manager of the Automotive Parts and Equipment Manufacturers Association, recognizes that many of the companies in that organization might not be considered as candidates for a prime contract because, taken individually, they haven't all the equipment that would be required to handle a given contract. On the other hand, all the diverse equipment, management and engineering experience needed could be assembled by proper mobilization of the companies to do a job on a pooled production basis.

This plant pooling scheme began with stamping manufacturers in the parts industry—who are particularly worried by certain Army and Navy specifications that preclude the use of stampings—but has been extended to cover all metal-working firms in the group. Under a manufacturers' committee, schedules of equipment and employment have been drawn up for the firms. Gov. Van Wagoner of Michigan has interested himself in the program and the automobile companies have been



FROM the top to the bottom of the Jolly Old Gentleman's pack, you'll find some part that Mallory plays in making a Merry Christmas!

Let's dip in and see a few of the gifts Dad buys for the home. The electric refrigerator, the vacuum cleaner, bathroom scales, bridge table, floor lamp, and scores of appliances that mean convenience and economy for all the family owe much to resistance welding . . . and Mallory's contributions to the art.

Then there is almost sure to be a radio for the living room or the automobile. If it bears the trademark of any one of a number of leading manufacturers, you are certain to find Mallory products. For the precision and sturdiness of Mallory Condensers, Volume Controls, Switches, and other vital parts have won them a place as standard radio equipment.

Mallory helps make a merrier Christmas for the children, too. Rocket ships, model trains and planes, air rifles, roller skates, scooters and mechanical toys of every description are lighter . . . more durable . . . and less costly because of resistance welding. Look at the toy ranges and cooking utensils, the doll carriages and miniature metal furniture. All these, and many more, have probably felt the touch of Mallory Welding Tips!

Gifts for Dad are easier to find, these days, too. The electric shaver that pleases him so much on Christmas morning will continue to please him for years—because of its smooth, dependable operation insured by Mallory Electrical Contacts. These same vital bits of metal, that function so unerringly, are also used in the power tools for his basement workshop . . . in his electric drink mixer . . . in virtually any automatic gift he might receive.

As varied as these Mallory contributions may seem, they are only a *small part* of the aid Mallory offers American industry. It is likely that Mallory can help you achieve greater efficiency or lower manufacturing costs—or both—for your products!

MALLORY

SERVES THE AERONAUTICAL, AUTOMOTIVE, ELECTRICAL, GEOPHYSICAL, RADIO AND INDUSTRIAL FIELDS WITH . . . ELECTRICAL CONTACTS, WELDING ELECTRODES, NON-FERROUS ALLOYS, POWER PLATE CAPACITORS, VIBRATORS, VITREOUS RESISTORS, POTENTIOMETERS, RHEOSTATS, ROTARY SWITCHES, SINGLE AND MULTIPLE PUSH BUTTON SWITCHES, POWER SUPPLIES, BATTERY BOOSTERS AND CHARGERS

P. R. MALLORY & CO., Inc.

INDIANAPOLIS INDIANA

Cable Address—PEMALLO

MAINE goes to market overnight



ACCESSIBILITY makes Maine the preferred vacationland. This same **ACCESSIBILITY** is making Maine a great industrial state.

FAST trains and **SPEEDY** truck service transport the Maine manufacturer's goods to the buyer **overnight**.

ACCESSIBILITY, however, is only ONE of the assets that Maine offers to the manufacturer planning decentralization or permanent expansion.

Friendly, intelligent labor—economical power—abundant pure water—freedom from oppressive taxation—these are but a few of the others.



Let a Maine manufacturer tell you of the friendly co-operative attitude of Maine labor. He'll tell you they have skilled hands and level heads and that their feet are on the ground.

Old-established firms manufacturing paper—cotton and wool—boots and shoes—wood products—foodstuffs—and countless other items testify to Maine's soundness as an industrial state.

Year after year of highly successful operation by these nationally known concerns is real evidence that Maine has more to offer than just conversation. There is room for you in Maine. A few plants are available and many excellent sites are awaiting development.

REMEMBER!!!

We have excellent transportation facilities, economical power, abundant pure water, friendly labor.

We do not have a State income tax, machinery tax, sales tax or a corporation tax.

* Write for complete information. Address the Maine Development Commission, Room 11-B, State House, Augusta, Maine.

MAINE



DEVELOPMENT
COMMISSION

drawn into this effort to alleviate the situation of their metal-working associates. A move to bring about further subcontracting of the auto industry's defense contracts among the parts manufacturers goes along with the drive on Washington to make effective use of the Rising pool.

Strong representations are being

made at defense headquarters to induce the procurement agencies to put their specifications, shopping lists, and contract procedures in shape to take advantage of the facilities that the parts makers can contribute to defense production and prevent the shutdowns the industry foresees if it is left dependent on shrinking "civilian" business.

Army Blitzes Carolina Retailers

Storekeepers of maneuver area appreciate windfall but will be glad when it's over. It's the soldier off duty with money to spend who has disrupted merchandising in a big way.

There is a story about a traveling salesman who was checking on a country store keeper to discover why he had cancelled a reorder on a hot-selling item. "Well," explained the merchant, "I had so many calls for that durn stuff I just quit handling it."

Something of this resentment against the violent disruption of ancient and leisurely merchandising habits is evident among the cross-roads retailers of the Carolina maneuver area, where the First U. S. Army is running through its signals. The eight counties of North Carolina and the eight counties of South Carolina which the zone includes comprise old, set communities. Established custom was suddenly disturbed by an inundation of boisterous and alien youth in khaki (BW-Nov. 15 '41, p.22).

Before the October-November war

games end, more than 400,000 soldiers will be charging around over the area, which will just about double its occupants. A modern army brings along its own economy. The mountains of supplies necessary to keep Lt.-Gen. Hugh Drum's First Army shooting and eating are bought in the distant primary markets (excepting some local buying of ice, ice cream, laundry service, cord wood and the like). Hence the shock of the friendly invasion is absorbed almost entirely by stores and service establishments where the draftee spends his money.

*Appreciative, But—Carolina merchants are duly appreciative of soldier business. And the traditional hospitality of the region embraces everyone from Gen. Drum down to the most inept buck private. But among the smaller retailers



The ordinary routine of a town like Rock Hill, S. C., is bound to be upset when a stream of tanks, headed for

maneuvers, lumbers through its streets—and a few thousand soldiers descend on the town every week end.

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IRON MULES to move an Army!



DIESELS DON'T BALK. They do the *tough* jobs in army trucks—with good fuels and lubricants.

Not only for high-speed Diesels, such as these, but for every type of Diesel operation, there are Texaco quality lubricants—preferred by many for their outstanding efficiency, performance and economies.

Today, throughout the United States, more than 2300 wholesale supply points assure quick availability of Texaco quality lubricants.

THE TEXAS COMPANY

—in all
48 States





\$80,000,000 IN TANKS

Detroit's auto makers may be embarked on what will be the nation's biggest tank program (BW—Nov. 15 '41, p17), but last week the Pressed Steel Car Manufacturing Co., Inc., and the Pullman-Standard Car Manufacturing Co., were able to boast the

largest single Army tank contract let so far—for \$80,000,000—in Chicago. Above, Col. Donald Armstrong signs the contract. Standing by: J. F. MacEnulty, president of Pressed Steel Car; Fred Preston, chief of the Chicago Ordnance District; C. A. Liddle, president of Pullman-Standard; and Lt. Col. Fred R. Zimmerman.

there has grown a feeling that this is too much of a good thing—especially at the end of the month when the army has about \$14,000,000 to spend. As one general-store merchant out in the pine woods put it:

"We're glad to have the Army here. The boys have behaved fine and our business has been out of sight. But—we won't be sorry when they are gone."

Imagine a town of 2,000 or less with 80,000 healthy and playful youngsters dropped suddenly into its trade area. On week days the Army works hard at its business of maneuvering—which merely increases the ebullience of the warrior during Saturday and Sunday.

• **What the Draftee Wants**—The Carolinas report that on his week-end the draftee wants (a) a shower bath, (b) civilian food and drink not necessarily intoxicating, (c) a gal. This sequence applies to his usual routine and not to the intensity of his demands. Awesome are the tales told over the pickle keg and the Coca-Cola cooler in cross-road stores.

One road-side Bar-B-Q stand proprietor was touched by the forlorn mien of an infantry squad which trooped in with the red clay of battle still clinging to boots and uniforms. Mistaking their looks for an indication of insolvency, the stand operator declined to accept pay for the beer and hamburgers.

"Thanks, old man," responded the sergeant in command, "but you may need the dough worse than we do," and he unlimbered a roll with a \$1,000-bill on the outside.

• **Freak Purchases**—Buying was most furious following the October pay day. Country stores were cleaned out. In one case the single item left in stock was a horse collar. A gunner with a Flatbush accent wanted to know what that thing was. The explanation didn't prevent him from buying it.

Some purchases weren't so fantastic as they looked. A lieutenant temporarily flabbergasted the Monroe (N. C.) Hardware Co. with a request for all the toy water pistols it could supply. Explanation was that he was going to fill them with ammonia and issue them to motorcycle men. "They'll squirt it in the faces of these country dogs. The mutts have never seen anything like us before and they're chewing the hell out of my men."

• **Air Pumps and Road Maps**—C. F. Clyburn, mayor of Kershaw, S. C., and head of the Kershaw Motor Co. (Ford agents), reported that Army units in his sector bought up all the air pumps in town. "Guess they have plenty blow-outs there in the woods," he ventured. "Other thing the soldiers wanted was road maps. They took every one in town and they must have taken them

from all the towns around here. Lancaster says it can't send us any. It's cleaned out too. The Army drivers don't buy any gas because the Army brings in its own. We have got a little gasoline business from tourists who want to see what maneuvers are like. Out on my farm, the soldiers damaged my corn crop and tramped down a lot of young pine trees. And here in town a soldier stole a \$600 car." But he added that there were bound to be a few bad eggs among that many men.

• **A Run on the Churches**—Veterans of the last war would be shocked to note how troopers reconnoiter and invest the Carolina churches on Sunday—until they know the answer. The Quartermaster Corps puts out very fancy menus for the boys. But there must be something in the way Army cooks operate that turns their patrons against camp food.

This aversion has brought temporary opulence to the Greek eating joints which make Route 1 between New York and Florida one long adventure in indigestion. But a whisper has run like wildfire through the First Army:

"If you want really good grub down here you gotta get home cooking."

Hence the devout khaki groups before the temples. Any jeep driver or rifleman who sits through the Sunday sermon gets his reward in an invitation to dinner from some sympathetic brother in the congregation.

• **Local Committees**—Churchmen have taken the lead of the Civilian Defense committees which Army morale officers and the United Service Organizations recruited for practically every town in the area. These groups see that soldiers get showers and towels on their week end, arrange dances, book dinners at the homes of civilians.

There have been hitches in the entertainment program. Sometimes a thousand girls gathered at a dance floor have been left there partnerless by the non-appearance of soldiers. As often, twice as many men have shown up as the local committee had provided for. The Army explanation is that the men are shifted so frequently by maneuver necessities that it is hard to tell ahead of time where an outfit will be at the week-end. Another explanation is that the men don't want to be told where to go but prefer to pick their towns.

• **Into the Big Towns**—The denizen of the Bronx wants to feel hard pavements under his army shoes. Many make a bee-line for Charlotte, Columbia, Wilmington or other big towns the minute they get time out. Thus on the first weekend in November, Charlotte (population 101,000) was informed that it would be expected to take care of 6,000 men. Instead 16,000 arrived. They overflowed hotels, rooming houses, temporary barracks in schools and armories, private houses. Late at night radio appeals brought additional sleeping quar-

ters in homes but many spent the night ex-mattresses.

"I only heard of a single fight," observed J. E. Burnside, chairman of Charlotte's county Defense Council. "A drunk at one of the room registration booths was yelling that he didn't like the place, offering to lick anybody in Charlotte. Local boys ignored him but another soldier said, 'These people have been good to us' and knocked the drunk kicking with one punch."

• **Drinking Habits**—Unlike the last World War troops, the Carolina forces drink comparatively little hard stuff though there has been a rush at the S. C. package stores and bootleggers in N. C. report a nice increase in demand.

This man's Army drinks beer, Coca-Cola, anything else that fizzes and is sweet. Small retailers through the maneuver area—like one who laid in an extra 40 cases for the entire two months and sold it all in two hours—are apt to exaggerate the military thirst for beer. And there is the tale of a local postmaster who got leave during October and November, obtained the agency for a northern brewery which netted him \$1,500 a week. But the Budweiser agent in Charlotte reported that sales were up 35% to 50%, thanks to the Army. An even smaller increase was noted by Charlotte's Coca-Cola bottler. Of course beer, Coca-Cola, other cold drinks also are sold to the Army personnel from the post exchanges which serve the various units from tents or truck-stores.

• **Pipe-Smokers**—W. E. Colton, of the Carter-Colton Cigar Co., Charlotte, discloses a shift in the soldier's nicotine taste: "This is a pipe-smoking army. The whole town is out of 10¢ corn cob pipes and there are mighty few pipes under \$1 left in stock. And I haven't a case of book-matches left. Our sales of cigarettes to the Army post exchanges have been very heavy. We supply them at cost and the manufacturer pays us a service charge." Another big seller is candy bars which have shown an increase of roughly 15%.

Urban taxis cruise the maneuver area during week ends. They pick up soldier parties for distant cities and are none too tender in their charges.

• **Economics of "Sin"**—True to traditions running back to horse-drawn hacks, taxi drivers in Carolina serve as contact men for "sin"—the kind that the Medical Corps has been busily de-glamorizing with hair-raising movies on social diseases. Sin is somewhat for sale in the bigger towns, though the new-style soldier isn't the buyer he might have been back in 1918.

As far as the maneuver areas go, the gal camp follower has been motorized. She often operates from a trailer. Since the heat is very definitely on these rolling studios, which are easily spotted by the gendarmes, some of the ladies ply their profession in passenger cars.

PRODUCTION

Hansgirg Process

Skipping pilot stage, new technique of making magnesium hits snags at Kaiser plant but yields results.

After two months of operation, during which there have been five fires and one shutdown of 10 days, the much-publicized magnesium plant of Henry J. Kaiser's Permanente Corp. (BW—Aug. 23 '41, p23) this week appeared to be working smoothly for the first time. Kaiser himself and Dr. Fritz Hansgirg, inventor of the process which is used at Permanente to transform calcined magnesite into metallic magnesium, frankly have their fingers crossed, although they feel that the worst is over. They explain their difficulties as natural to the process of changing over from experimental to commercial operation of an entirely new process—changeover in which the pressure of defense requirements necessitated omission of the usual pilot-plant stage.

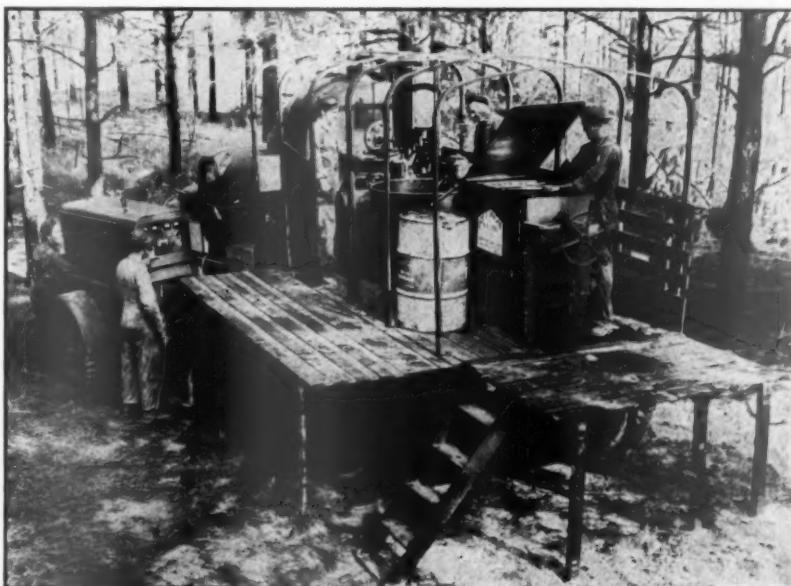
Further complicating the problem has been the fact that Hansgirg, who introduced the process to this country, has had to make one change in his process:

Abroad, he employed hydrogen as a cooling agent; at Permanente, he is using natural gas for the first time. Talk among chemical engineers on the Coast is that Kaiser, a shrewd shipbuilder-contractor-cement manufacturer, has had Hansgirg and his researchers working on possible substitutes for natural gas.

Despite the optimism of Kaiser and his associates, Coast engineers also say that the government is rushing completion of the Boulder Dam plant of Basic Magnesium, Inc. as a magnesium-supply backstop. This plant will use manufacturing methods long employed successfully in England.

• **High Temperature**—In the Hansgirg process, reduction of magnesium oxide to magnesium is done in an electric resistance furnace at a temperature of 2000 Centigrade, but unless the material is suddenly cooled, little metallic magnesium results. Hansgirg, at Permanente, uses natural gas as a chilling medium (the gas, incidentally, is reused in Kaiser's adjacent cement plant as fuel). Hazard is that, during the chilling process, a spark from any source may ignite magnesium and produce an explosion.

Permanente's present metal output is three tons a day. Last week, the electric furnace, held down during the experi-



REFINEMENT

Latest of the mobile units to be tested by the Army is an oil refinery now working under actual maneuver conditions in Camden, S. C. Designed to purify used crankcase oil from more

than 3,000 vehicles a month, it can refine approximately 200 gal. of used oil a day, turns out a product which, according to a release from the United States Army Signal Corps, "Army experts consider as good as or superior to the original oil."



BOTH HAVE AMPCO'S STRENGTH

Size has nothing to do with the ability of AMPCO METAL to do a difficult job well. The qualities inherent in this sturdy alloy of the aluminum bronze class are equally evident in huge steel mill castings or tiny machine parts. Ponderous machinery or precision tools — both are safeguarded against breakdown and failure because of Ampco's ability to resist wear, impact, and deformation.

AMPCO METAL has controlled hardness, good tensile properties, extreme wear-resistance, and high compressive strength—all maintained to predetermined standards through constant control in production. These are attributes not dependent on size, but on skilled alloying.

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If vital frictional parts in your equipment are subject to metal failure, consult with Ampco engineers for their solution to your problem. Ask for Ampco catalog No. 22.

AMPCO METAL, INC.
Dept. BW-11 Milwaukee, Wis.



mental period, was stepped up from 3,000 to 8,000 kilowatts so daily production can reach six tons by Dec. 1, and 12 tons by Jan. 1. A second 4,000-ton-a-year plant unit is now rising alongside the first.

Plant officials announced Nov. 15 that a new \$11,000,000 loan had been offered by the RFC to finance construction of third, fourth, fifth, and sixth units. This is in addition to an original loan of about \$10,000,000. Kaiser's spokesmen say it demonstrates the government's confidence in the Hansgirg process.

Pacific Gas & Electric Co. is starting work on a 110,000 volt transmission line to the plant from a substation on the east side of San Francisco Bay. Meanwhile, Permanente is exploring ore resources elsewhere than at Luning, Nev., the present source.

• Safety Program—In the series of fires which have hampered production so far, three lives have been lost and a number of men burned. One of the fires—caused by failure of a gas lock in the furnace—resulted in a 10-day shutdown in October. This and four other accidents the company laid to mechanical defects, which officials say have been corrected, or to errors in judgment among employees. Magnesium is nothing to play with, especially in the form of dust which it takes after first precipitation. In addition to mechanical adjustments, Permanente's reaction to the series of accidents has been to start a large-scale safety-training program.

One fire flared up in a retort as it was being loaded for final reduction and three men were burned. There apparently will be a certain amount of danger of spontaneous combustion at this point of the process, but as retorts are loaded by use of overhead cranes, it ought to be possible with care to avoid future injuries, the management believes. Experience with powdered magnesium showed it wouldn't stick together for tabletting before the second firing in retorts, so Dr. Hansgirg had dust soaked with solvents, which now do double duty in mixing a workable paste and excluding air for safety's sake.

Phenol for Stalin

U.S. plastics industry's calculations on important resins are upset until allocations to Russia are determined.

Until last week, the molders and laminators of plastics, and their priority-ridden customers, were enjoying a ray of sunshine. They had begun to think that shortages in the all-important high-strength phenolic resins (Bakelite, Duraz, Resinox, Textolite) would begin to

clear up next year. Reasons for so thinking were to be found in five recent developments:

(1) General Electric announced erection of a new \$1,000,000 synthetic phenol plant, which promises to go into operation in September, 1942 and to supply 75% of the company's own huge phenol requirement. (2) Monsanto reported that its new phenol plant would be ready in May. (3) Du Pont, which manufactures phenol from coal and then converts it into adipic acid for nylon, is hoping—also by May—to begin synthesizing the acid from other materials. (4) Priorities Director Nelson laid the groundwork for a complete allocation system covering phenol (and eliminating its use in unessential novelties and gadgets) in an amendment to General Preference Order M-27 (BW-Nov. 1541, p34). (5) Order M-31, covering methyl alcohol, or methanol, was similarly amended to clamp down on its use in antifreeze, and thus presumably to release more for conversion into formaldehyde for phenolic, urea, and casein plastics.

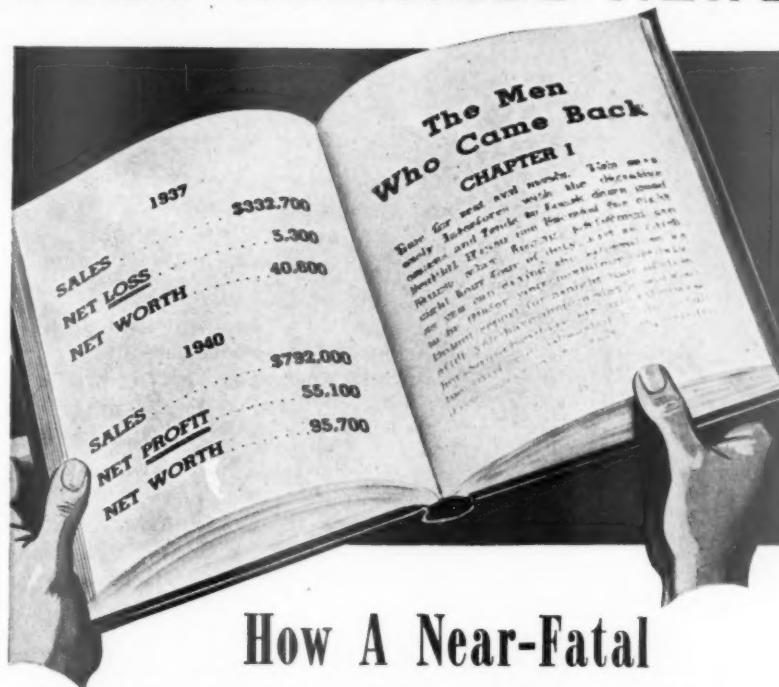
• **Russian Request**—But last week the news also broke that Russia had asked Washington for enough phenol to take all of the nation's existing capacity. It is estimated that five firms—Barrett, Dow, du Pont, Durez, Monsanto—are producing 125,000,000 lb. of phenol this year as against 105,000,000 lb. in 1940, and 68,500,000 lb. in 1939. The Soviet won't get all that but enough will probably be allocated to it under lease-lend to use all of the new capacity scheduled for next year.

Until Russia spoke, OPM and the plastics industry had been working on a 1941 consumption schedule which called for 45,000,000 lb. of phenol for defense (including molding compounds made from it), 14,500,000 lb. for anti-septic and medicinal uses, dies, etc., and 17,000,000 lb. for synthetic yarns like nylon, leaving 48,500,000 lb. out of the total 125,000,000 available for all other purposes, mostly civilian plastics. Next year's production and consumption figures are anybody's guess until Russian allocations have been determined.

• **Readjustment Necessary**—What it all means, according to William T. Cruse, executive secretary of the Society of the Plastics Industry, is that molders, laminators, and their customers will have to swing all the requirements they can to thermo-setting urea and casein plastics, both of which should be comparatively plentiful, and to the various cellulose-base thermoplastics. Acrylics continue to be tied up by military requirements, and the polystyrenes cannot begin to meet demands.

By grace of the new amendment to methanol order M-31, there should be increasing quantities of formaldehyde. Current formaldehyde production is running at the estimated annual rate of

GOOD BUSINESS NEWS



How A Near-Fatal Financial Problem Was Solved

There's always romance in the sports-story of an uphill fight to success.

There are similar romances in business... more thrilling too, because so much more than mere glory is at stake.

In 1937, APCON & CO.*, was fighting for its life. Several years of losses had aroused dissension among the officers.

Net worth had been reduced to \$40,600. The year's sales were down to \$332,700.

An involuntary petition in bankruptcy was thrown out by the court because the company was still solvent, though sinking. But it faced the double problem of building up a profitable volume of sales and at the same time taking care of trade obligations.

With the working capital account showing a deficit, the problem was desperate. The company had to extend credit in order to sell. But it had to have cash in order to exist. In this crisis, APCON turned to Commercial Credit Open Account Financing as its sole hope.

Progress was steady under the new financing arrangement. In 1939 sales were up to \$555,500 with net profit of \$17,300. There was \$9,000 of working capital. Net worth was \$43,000.

1940 showed \$792,000 of sales... \$55,100 net profit... \$27,800 working capital... and \$95,700 net worth... a financial resurrection accomplished through the convenience and flexibility of Open Account Financing.

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The advantages of OPEN ACCOUNT and INVENTORY financing are not limited to concerns in financial difficulties. The greater liquidity afforded, without any additional investment or obligations, materially eases the problem of meeting pay-rolls, paying taxes, and discounting purchase bills. For full information send for a free copy of "COMPARATIVE COSTS OF FINANCING." Address Dep't. BW.

*A fictitious name, but the facts and figures, taken from our files can be verified.

COMMERCIAL CREDIT COMPANY

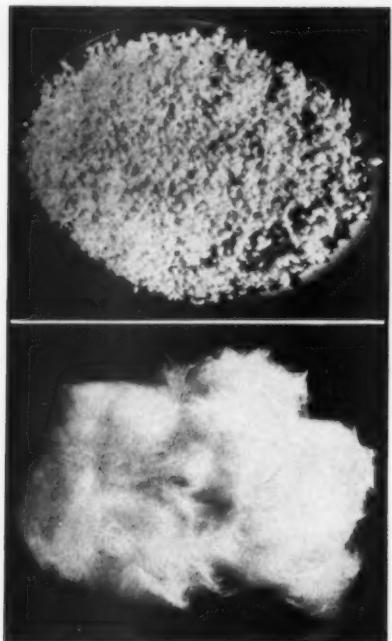
"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$60,000,000

5,000,000 POUNDS OF ARALAC A YEAR



When you bought your new fall hat you probably found it bore a label stating the percentage of casein fiber used in its construction. When your wife buys her new spring slacks and dresses, she will find similar labels showing how much of the milk by-product has been blended with cotton, rayon, or wool to achieve new style effects and economies. The fiber is called "Aralac" and is produced by a subsidiary of National Dairy Products Corp. from skim milk. Dried casein extracted from the milk (top) becomes Aralac (center) after passing through four multiple spinnerets in the "spinning box" (bottom). The fiber costs more than rayon or cotton; less than wool or hat fur. Present production capacity is 5,000,000 lb. annually—representing the recoverable casein in 160,000,000 lb. of skim milk.



277,000,000 lb., as compared with 180,000,000 in 1940, and 135,000,000 in 1939.) And there has been no real shortage of ammonia, the other basic component of urea-formaldehyde plastics. Ammunition requirements for ammonia seem to be pretty well taken care of by synthesizing plants set up especially for government explosives. Production of casein for casein-formaldehyde plastics is growing, and will continue to grow as demand increases. Since it is a by-product of skim milk, for which new outlets have been sought

for many years, no continuing shortages are foreseen.

• **Nothing Like Plenty**—As a matter of cold fact, of course, there will probably be no such thing as a plentiful plastic in 1942. Plastic applications in defense range all the way from bomber blisters, or enclosures, to beer cans for the Army which have a thin plastic lining to protect tinned steel from beer and vice versa. Acrylics go into airplane gunners' turrets, tank windows, surgical and dental instruments, gas mask lenses, insulation on radio receiving and sending sets,

plus a wide variety of lenses for gages, clocks, and gun sights on ships, tanks, and planes.

Phenolics go into thousands of motors, brake blocks for trucks, switchboard parts, airplane cable pulleys and connectors, and even military paints. Polystyrenes are beginning to be used extensively in communications instruments and for airplane antenna mast bases. Vinyls insulate the Navy while furnishing the safety feature of safety glass for tanks, trucks, and planes.

• **Important Meetings**—Watch for an important meeting which will be scheduled sometime in December for the Technical Committee of the Society of the Plastics Industry and a similar committee of the aircraft manufacturers to discuss the development of even more moldings and laminations for both combat and training planes. Watch also for a December meeting of the New England plastics industry under the sponsorship of S.P.I. and the chairmanship of B. F. Conner of Colt's Patent Fire Arms Mfg. Co. Engineering specifications, prevailing federal orders affecting the industry, and problems confronting molders as a result of present regulations will be discussed.

Plumbing Jitters

Industry, with most of its copper already cut off, expects order restricting its output by about 50%. Substitutes tested.

Among its other effects, Conservation Order M-9-c halves, from a 1940 base period, the quantity of copper to be used during the remaining weeks of this year for the principal articles employed in plumbing and heating, and virtually forbids the use of any copper for these purposes (defense housing needs excepted) after Dec. 31. When M-9-c was issued last month, the plumbing and heating industry reacted with as nervous a start as if some such order had not been long expected.

Since then, manufacturers, wholesalers, and plumbing-shop proprietors have been sitting on the edges of their chairs waiting for OPM to drop that other shoe. Although nobody in Washington will admit it, the industry knows that eventually there will crash down a limitation order restricting output of plumbing and heating supplies to a percentage of last year, after the fashion of the automobile curtailment ruling. The trade guesses that the cut will come very soon, that it will be about 50%.

• **Cure for Jitters**—However tough the order turns out to be, it should at least cure the current epidemic of jitters among rank-and-file employees now dubious whether their jobs will exist next

week or next month. Most of the men have what it takes to land defense-industry jobs at good pay—which is exactly what many of them will probably do unless they can be soothed.

An immediate and pressing requirement is a maintenance and repair order to take care of homes, apartments, hotels, retail stores, and other civilian establishments not covered in Order P-22 as amended (BW—Oct. 25 '41, p16). Up to now, when a manufacturer needed limited amounts of critical metals for these purposes, he has been able to go to Washington and get an A-10 rating to put him temporarily in the clear.

• **Hard to Take**—Notably conservative are the three largest manufacturers in the field: American Radiator & Standard Sanitary Corp., Crane Co., and Kohler Co. They have held steadfast to conventional materials for making their products and have traditionally upheld local building-code authorities who have resisted innovations which may be considered (a) cheap substitutes or (b) economical improvements, depending upon the point of view.

The restriction on use of copper is, therefore, particularly hard for these concerns to take, though mild compared with what they may meet if tonnages of ferrous metals for plumbing and heating use are restricted, with the probable consequent swing to steel boilers and pressed-steel sanitary fixtures to save tonnage.

• **Asking for Time**—Now that they face the horrid fact that copper is withdrawn, they are asking—in order to keep their personnel and plants continuously available for handling the large volume of defense work that they must do—for enough time to make the shift-over from brass to other materials without dislocation. Some of the materials that were counted on as sure-fire substitutes are now about as hard to get as copper. This is notably true of many of the plastics, and Crane, for example, is thinking in terms of wood for faucet handles, towel racks, and shower-curtain rods. Crane recognizes that traps of steel or malleable iron, perhaps lead-dipped, are possible for bathrooms and kitchens.

• **Research by Sears**—Sears, Roebuck & Co., long the iconoclast of the trade, last spring set out to research its way to eliminate 70% of its copper needs. For months the big mail house has kept a full-time man in Milwaukee exploring substitute possibilities there. Sears' best guess is that within six months it can do its present plumbing-and-heating volume on 30% as much copper. Sole question-mark is obtaining necessary tools and dies. This appears possible, since, for example, the company claims that by getting 100 screw-machine cutter heads it can save thousands of tons of copper.

Some of the simpler substitutions

upon which all manufacturers are now busy involve using cast iron for brass in the body of a fixture, keeping brass only at the precise point where it is needed. Examples: a brass valve seat in an iron-body valve; a 3-oz. brass jet in an electric pump jet body formerly cast of 8 lb. of brass. Such composite units cost more than all-brass, but production men say the costs of the extra operations will eventually be more than outweighed by saving in cost of metal.

• **Odds and Ends**—More spectacular, if less important in the aggregate, are numerous odds and ends that Sears has tested and is currently adopting. These include plastic faucet and valve handles, with a secondary line to fall back on consisting of wooden handles impregnated with a plastic made by Eastman Kodak Co. On swing-spout faucets for kitchen use, the present cast-brass hous-

metal. It has now been on the market for a year. Sears has sold several million dollars' worth, and so have other A. O. Smith customers. Sears put \$235,000 into this development, Smith \$350,000. The new product sells about 20%, or \$10, above the old type, but should, it is thought, get down to the same production cost and selling price as the art becomes perfected.

Standard Air Parts

First steps toward that objective taken by aircraft industry at New York meeting. Standards committee formed.

Back in the starvation days, when airplane contracts hardly ever called for more than a dozen ships of the same type, standardization of material and equipment was not tremendously important. For instance, it didn't make much difference if there were six different angles used in countersinking for flush riveting. Nor did it matter if one manufacturer's pump was not interchangeable with that of another. Each aircraft builder was a rugged individualist and thought his specifications were a little better than the other fellow's. The only one who really suffered was the equipment supplier who found it necessary to carry huge inventories of materials and equipment in which the sizes and mounting dimensions might vary only by small fractions of an inch.

Some attempts at standardization were made before the aircraft manufacturers were flooded with defense orders, but it has only been in recent months that there has been a concerted effort to simplify specifications for aircraft materials, accessories, and parts. This week, representatives of most of the defense manufacturers, the Army, the Navy, the British, and the OPM, wound up a four-day meeting in New York at which they took important steps toward reducing the necessary stock sizes of raw materials and the interchangeability of individual parts and sub-assemblies.

• **Only Two Angles**—Probably the most important decision of the standards engineers was to reduce the six flush rivet countersink angles from 78°, 90°, 100°, 110°, 115°, and 120°, to two angles—78° for heavy plate and 100° for most other skin thicknesses. It was also decided to space mounting-base holes of hydraulic system parts—and other accessories to be attached to airplane or engine—so close that one make can be substituted for another. Height and head clearances for control wheels and distances from airplane seats to rudder pedals was standardized for the average pilot. In addition, a National Aircraft Standards Committee was set up.



MODERN DESIGN

It's a far cry from the old bucket and dipper for the men working on construction of a munitions plant at Flora, Miss. They're served by a waterboy outfitted with the latest thing in portable fountains.

ing will be replaced with a nonpriority plastic—and as an ace in the hole, there is a housing of enameled pressed steel.

Sink strainers and basket strainers of

plastic, instead of sheet brass, are going into production. So is a plastic disc for a follower on a pump plunger assembly.

• **Glass Float**—Working with Corning Glass Co., Sears is shifting over from the conventional copper float in toilet tanks to a glass float. It is experimenting with annealed glass float rods, and annealed glass swing spouts for faucets.

One of the most ambitious projects to supplant zinc, now almost as hard to get as copper, was jointly undertaken perhaps three years ago by Sears and the A. O. Smith Corp. The result is the so-called glass-lined water heater tank—actually, a tank in which a vitreous-coated interior replaces galvanized sheet

NEW PRODUCTS

30-Column Accounter

For several years, National Cash Register Co., Dayton, Ohio, has been building "The Transverse Printer," an accounting machine which figures and prints "at one fell swoop all those horrid totals that march across your gas and electric bills every month." Each



column of figures has its own mechanism, permitting the bills to be inserted "in the flat." This fall, the company has enlarged and adapted the machine to handle as many as 30 columns on bank ledgers and other analysis sheets up to 30 in. in width.

Finger Guards

Most finger stalls are made for the purpose of protecting injured members, but Industrial Gloves Co., Danville, Ill., is introducing "Steel-Grip" Finger Guards for preventing injuries to fingers and thumbs in industrial operations ranging from buffing and polishing to book-binding and machine assembly. They have leather of various weights on the work side and flexible open-weave lastex on the back to hold them on.

Electronic Revolving Door

As you enter a new International Revolving Door with electric-eye control, it turns automatically, allowing you to walk through without pushing. As built by International Steel Co., Evansville, Ind., a hidden motor actuated by electronic elements does the work.

Refrigerated Welder

In the usual run of spot-welding aluminum, stainless steel, etc., it is often necessary to stop after 40 or 50 spots to "dress" the welding points which pick up some of the metal being welded. Recently, Progressive Welder Co., 3050 E. Outer Drive, Detroit, has brought out a new Refrigerated Welding Unit which has produced "continuous runs without

Production lagging ???

speed up—

with industry's fastest quality fuel—GAS

Production curves are moving sharply upward . . . schedules are speeding up in numberless industries! And both defense and non-defense products are being turned out with a speed and economy typical of American industry when it puts its shoulder to the wheel.

It is significant that Gas and modern Gas equipment are playing a vital role in this huge expansion of defense production. Because Gas is industry's fastest quality fuel. And coupled with its speed are these other equally important characteristics—accurate controllability, cleanliness, flexibility, quick

adaptability, instant availability, and unusual economy—all of which are vital to defense production.

If production in your plant is lagging because of a bottleneck in heating, drying, baking or any of scores of other operations in which heat plays a part—it will pay you to investigate Gas and modern high-speed Gas equipment. Your Gas company will be glad to consult with you.

AMERICAN GAS ASSOCIATION

INDUSTRIAL and COMMERCIAL
GAS SECTION

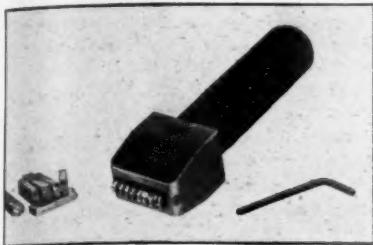
420 LEXINGTON AVE., NEW YORK



point cleaning for 10 min. at 100 welds per minute." Ice-cold refrigerant is pumped continuously to the points, covering them with frost until the instant of the weld, when the frost line moves back a bare $\frac{1}{8}$ in. and immediately reforms before the next weld.

Simplified Stamp

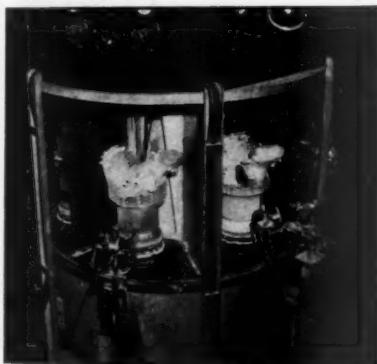
Instead of several set-screws for holding numerals, letters, and other symbols



in its new "Shock-Proof" Interchangeable Steel Stamp for marking parts, assemblies, etc., Modern Method Steel Stamps, Inc., 145 Jos. Campau St., Detroit, uses a wedge lock actuated by a single hollow-head set-screw.

Multi-Station Metallizer

Quite a few manufacturers are conserving aluminum, copper, alloy steel, and other hard-to-get metals by spraying them through metallizing guns on backings of steel, cast iron, wood, plastics, leather, etc. Pratt & Whitney, Wright, and other airplane engine builders are now adopting a new Automatic Metallizing Machine to eliminate all hand operations in spraying aluminum and



other corrosion-resistant metals on engine cylinders. The machine has six stations. Cylinders are loaded at Station 1, and indexed automatically to the others, where metal coatings are applied to various portions through Metco metallizing guns. The outfit, which is adaptable to many other metallizing operations, was designed and manufactured by U. S. Galvanizing & Plating Equipment Corp., 27 Heywood St., Brooklyn, and Metallizing Engineering Co., Inc., 21-07 41st Ave., Long Island City, N. Y.

Defense Business Checklist

- Builders' Items**—Manufacturers' and jobbers' prices of a wide variety of builders' hardware items have been stabilized at levels prevailing on Oct. 21 by OPA price schedule No. 40. Prices of insect-screen cloth, which is distributed through the same channels as builders' hardware, are also held to their Oct. 21 levels by the OPA ceiling, which became effective Nov. 19. While the order became necessary as a direct result of the OPM copper conservation order, it is not confined to articles made wholly or partly of copper or brass, but extends to all products named, no matter what material is used in their manufacture. The new schedule covers eight types of knobs and handles, 20 types of door locks, 13 types of hinges, 16 items of miscellaneous door hardware, five of screen hardware, and 12 miscellaneous articles, such as house numbers, transom chains, and snap catches. Painted, galvanized, commercial bronze, hand-drawn copper, and "koolshade" fabric window-screen cloth are included.

- Chlorine and Paper**—Decreased use of chlorine in the manufacture of pulp, paper, and paperboard, effective immediately, has been ordered by Priorities Director Nelson through general limitation order L-11. Practically all grades of paper are affected, with the exception of newsprint, in which no chlorine is used. Brightness ceilings are provided ranging from a cut of 4 points in 100% rag content writing paper to total elimination of chlorine in groundwood, the grade commonly used in "pulp" magazines and books. Bleaching also is eliminated for most bags, sacks, and wrapping paper, and for specialty paper, such as sand paper base. It is expected the order will save 60,000 tons of chlorine a year, which is half the new chlorine entering the paper manufacturing industry annually. In general, all grades of paper will correspond to the standards of 1931-32. Since that time, increased use of chlorine has resulted in whiter paper.

- P-22 Amendments**—A number of amendments to preference rating order P-22 covering repair, maintenance, and operating supplies, have been announced by OPM's Priorities Division. The changes are designed to assist important industries heretofore not specifically covered by the order. The first of these amendments brings natural gas and hydrocarbons associated with petroleum under the terms of the order, and extends its assistance to the transportation as well as the production of these items. This means that pipelines, railroads, and truck fleets engaged in moving petroleum products may now apply the A-10 rating to the acquisition of necessary repair and maintenance parts and operating supplies. Another change brings within the terms of the order privately-owned irrigation systems, toll bridges, and toll canals, and a third amendment extends the assistance of the order to those using

tools or equipment to repair or maintain the property of other producers. Priority assistance is thus extended to independent contractors and others, such as machine and repair shops and blacksmiths.

- Elevator Repairs**—Two plans to facilitate production of materials for repairs to elevators and escalators, and for construction of conveyor machinery, have been issued by OPM's Priorities Division. The orders, P-72 and P-78, permit application of A-3 preference ratings to deliveries of the necessary materials for production, with certain restrictions. Both orders became effective as of Nov. 10 and will expire Jan. 21, 1942.

- Synthetic Rubber**—The Defense Plant Corp. has completed agreements for construction and equipping of two large factories for the manufacture of chemicals needed to make synthetic rubber. One agreement was made with Monsanto Chemical Co. for a \$2,200,000 plant in Galveston County, Tex., to manufacture chemicals of an undisclosed nature. The other was with the Carbide & Carbon Chemical Corp. for a \$3,500,000 butadiene plant in Charleston, W. Va.

- Light Trucks**—Production of light trucks for civilian use in January, 1942, will be curtailed 35.9% below output in the same month this year under an OPM Priorities Division order. Companies manufacturing both passenger cars and light trucks (less than 1½ tons) may exceed the ceiling on truck output, provided that passenger car production is correspondingly reduced so that combined quotas are not exceeded. Manufacturers produced 37,730 light trucks for civilian use in January, 1941. Maximum output allowed for January, 1942, is 24,169.

- Research**—Acting to broaden the assistance already extended to research laboratories, OPM's Priorities Division has assigned a preference rating of A-5 to acquisition of scarce materials required by manufacturers of the necessary laboratory chemicals and equipment. Producers who supply laboratories engaged in research, testing, analysis, and plant control studies, as well as clinical and academic laboratories, are covered by the order.

Producers of drop forgings made of steel and steel alloys have been requested not to exceed the prices that prevailed Oct. 10, and a meeting of industry representatives has been called by Price Administrator Henderson to discuss a longer-range price program. . . Preparation of a price schedule establishing ceilings for copper wire and cable has been undertaken by OPA. Price movements in these fields have been irregular during the past year with some products moving up as much as 40% while others have shown almost no change.

MARKETING

Pro-Advertising

National emergency steals convention thunder, but trade lists foes and scans arguments to offset consumer attacks.

In Hot Springs, Va., some 630 members of the Association of National Advertisers, American Association of Advertising Agencies, and representatives of the trade and the press last week assembled for the much-heralded powwow on how to ward off "the grave threats to national brands and the advertising of them." Perhaps never in advertising's history have so many serious-minded practitioners of the art convened in one place to give the future of their industry such concentrated thought.

But on Saturday, when the convention disbanded after two heavy days of speeches, statistics, and presentations, the advertising-defense theme had been pretty completely veneered over with another one—national defense. Lengthily lectured first by Leon Henderson, administrator of OPA, and then by William L. Batt, director of the materials division of OPM, the conventioneers' opinion sharply converged on the point that for the duration, at least, advertising is due for the same hard sledding that confronts all other war-torn industries, and that a resounding ballyhoo for the art at this time would be almost an anachronism.

• **Henderson's Rôle**—It was on Henderson that this change of sentiment swung as a pivot. Cockily walking into the lion's den (where only a few hours before he had been enumerated as one of advertising's arch enemies) he proclaimed that "advertising is threatened with no special or extraordinary peril which is not shared by other economic and social organisms in this country" and that "I have always assumed and I now assume that advertising performs a useful economic function."

While between-the-lines readers could readily discern that Henderson was not promising to wipe out the threat of standardization, grade labeling, and other such consumer-movement bugaboos, nonetheless his listeners took comfort from the OPA head's earnest avowal that his office wouldn't use the emergency as a cloak for the kind of neo-economic hocus-pocus of which it has so often been accused. Obviously doing his level best to squelch the fire his opponents had built under him, Henderson virtually repeated the "personality success" achieved by Assistant

Attorney General Thurman Arnold before a similar audience in October (BW Oct. 11 '41, p14).

• **Batt Continues**—And where he left off the job of turning the convention from advertising to all-out war effort, William L. Batt continued the next day, making the metamorphosis complete. For Batt, longtime friend of the advertising fraternity (as president of SKF Industries), virtually placed a capstone on Henderson's sermon, indirectly criticized the industry for laying so little stress on national defense and its implications.

On the other hand, the purpose of the meeting—to defend advertising—was not completely overshadowed by the emergency. To most observers, the healthiest trade manifestation was the convention's stolid insistence that if advertising is to be sheltered against attacks, its defense should not be sketchy or half-baked. Many an argument was brutally criticized as being inadequate, and all defenses were considered shy on one vital point: not

enough academic documentation. Hence—as in the past several months—much hope was pinned on the forthcoming lengthy book now being ready by Prof. Neil H. Borden (Harvard Graduate School of Business Administration) in which advertising's economic rôle is being painstakingly analyzed and documented.

• **A Little Less?**—In further pursuit of this critical vein, the convention also agreed with James Webb Young (senior consultant to the J. Walter Thompson agency) in his statement: "Could we not, individually, be a little less noisy on the radio, a little less brutal in the newspapers, a little less silly in the magazines, without reducing our effectiveness as salesmen?"

Bestcharted of all was the terrain occupied by advertising's attackers. The latter were depicted as consisting principally of academicians favoring a managed economy, plus "the ignorant" (ill-advised consumers). Their attacks were described as hinging on nine major contentions: (1) That advertising breeds monopoly, (2) that it is a financial burden on the consumer, (3) that it increases prices for actual or supposed values, (4) that it lends false increments to trademarks and brands, (5) that it is a needless frill when demand exceeds supply, (6) that it dominates the press, (7) that it fails to champion facts, gives the consumer only dubious information, (8) that it is inferior to standardization and grade-labeling, and (9) that it is often "nonsensical, frivolous, unbelievable."

• **List of Attackers**—Equally elaborate was the list of those who have from time to time openly attacked advertising or contributed to the arsenal of those who wish it ill. Impressively this list rolled to over 50 names, included many a government figure, Thurman Arnold, Leon Henderson, Henry A. Wallace, Harry Hopkins, Harriet Elliott, etc.), many an author (Stuart Chase, Ralph Borsodi), plus a not inconsiderable list of department-store and mail-order house executives who were deemed to be flirting dangerously with labeling standards, etc.

While the defense will more or less assume a quiet tone because of the war and the interval required for the completion of the Borden book, the conventioneers agreed to concentrate on individual strategy until collective action again becomes feasible. Ingenious, and well received, were two advertising defenses not previously found in the arsenal: (1) that it so whets the appetites of consumers for a high standard of living that the U.S. under almost no circumstances could forsake that standard without inviting dire results; (2) that the costs of advertising are declining because, like any mass product, it becomes cheaper as its prevalence increases.



QUIZ KIDS

The Milwaukee Railroad, which put its first two diesel passenger units into service on the Chicago-Minneapolis run last fall, is still checking on diesel efficiency. Latest study is a survey being conducted by two uniformed girls, who quiz passengers en route to see whether they think a steam or diesel locomotive is pulling the train. The line has also been making a comprehensive study of comparative operating costs of steam and diesel power.

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Hot All

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Better Homes & Gardens

Year- *sizzling into '42!*

What's behind the all-time "heat highs" which Better Homes & Gardens established this year? Just this simple, but tremendously significant fact: Better Homes & Gardens is *hot* because it's *helpful*—helpful to the 2,400,000 families who read it for the SOLE purpose of learning how to improve their homes—how to add to the fullness of family life. Helpful to home makers who want to buy more intelligently, today and tomorrow. Here are the 1941 results of this editorial concept:



- HOT—more advertising lineage**
- HOT—more advertising pages**
- HOT—more advertising revenue**
- HOT—more total pages in the book**
- HOT—more 4-color advertising pages**
- HOT—more advertisers**
- HOT—more circulation**
- HOT—more editorial lines**
- HOT—more editorial pages**
- HOT—more 4-color editorial pages.**

By vote of America's biggest suburban home market, Better Homes & Gardens is the HOT book for advertisers. Sizzle into '42 with the home magazine that's completely devoted to the home . . . entirely centered on helpful, usable home service.

Better Homes & Gardens

DIRECTING THE BUYING EMOTIONS OF 2,400,000 FAMILIES —AMERICA'S BIGGEST SUBURBAN HOME MARKET



Photograph Courtesy of Eclipse Aviation Division of Bendix Aviation Corp.

Facing the necessity of building an air armada overnight, the American aviation industry knew that nothing short of a "production revolution" would turn the trick.

In this crisis, aviation engineers were quick to take advantage of a revolutionary new type of machine tool that had been created by Delta engineers during the past 14 years—machine tools that had been found remarkably efficient in meeting the needs of the aircraft industries.

Adaptable, portable, stripped of every useless ounce, these new fighting-trim Deltas outperform ponder-

ous machines costing three to four times as much.

In units, batteries and special set-ups that obviated the need for building special machines, stock model Deltas were rolled into aviation production lines to help smash the "tooling up" bottleneck.

Today—in the leading airplane factories of North America and Britain, you'll find these mobile, stripped-for-action Deltas boring, sawing, grinding—cutting metal for the air fleets of Democracy.

By the hundreds of thousands, Deltas are helping give new wings to production!

SEND FOR BOOKLET

This well-illustrated booklet "New Wings for Production" shows dramatically how one industry—aviation—has helped meet its production crisis by the liberal use of DELTA-Milwaukee low-cost machine tools. Write for FREE copy today. The Delta Manufacturing Company, 927 E. Vienna Avenue, Milwaukee, Wisconsin.

DELTA MILWAUKEE

World's largest manufacturers of low-cost, high quality drill presses
 • grinders • abrasive finishing machines • cut-off machines • circular
 saws • band saws • scroll saws • lathes • jointers • shapers

More Co-op Gas

Second refinery property bought by C.C.A. after one at Phillipsburg, Kan., turns out to be big maker of "savings."

In petroleum circles, the transfer of a little 1,500-bbl. oil refinery from one owner to another ordinarily rates no more than a brief paragraph in trade papers—even if the \$700,000 involved in the deal did happen to be one of Nebraska's biggest cash transactions recently—but not so in the field of consumer cooperatives. Last week, a half-dozen co-op publications played-up the announcement that the world's largest wholesale petroleum cooperative—Consumer Cooperative Assn., North Kansas City, Mo.—had purchased properties of Terry Carpenter, Inc., which consisted of a cracking plant at Scottsbluff, Neb., and a string of service stations located in ten Nebraska communities.

• **Nearer to Co-op Goal**—With the 1,500-bbl. capacity of the Scottsbluff plant added to that of C.C.A.'s almost new 3,500-bbl. refinery at Phillipsburg, Kan. (BW—Feb. 3 '40, p20) the association is one long stride closer to that idealistic goal of all consumer co-ops: 100% cooperative production and distribution. For the past year, nearly 50% of the refined fuels sold by C.C.A.'s 500 member associations has been made in the Phillipsburg refinery; the balance purchased on specification from old-line (as co-op folk say of ordinary commerce) refineries. The Scottsbluff refinery's additional capacity should enable C.C.A. to supply 60% to 70% of its members' total needs, which last year amounted to slightly more than 10,000 carloads.

Only a very small portion of co-op gasoline is actually 100% cooperatively produced from oil well to tractor tank. One subsidiary of the association does operate a few producing oil wells in Ellis County, Kan. (BW—Oct. 12 '40, p 36). All of the crude used at the Phillipsburg refinery, however, is gathered by a co-op pipeline (another subsidiary) which carries it to the refinery, which is itself a subsidiary of C.C.A.

• **Good News for Delegates**—What prompted the management of C.C.A. to decide rather suddenly on the purchase of the Nebraska refinery was something far more practical than the mere wish to approach more nearly the goal of "co-op all the way." Last month, at C.C.A.'s annual meeting, delegates representing member-associations (many of them small farm co-ops) located in nine midwestern and Rocky Mountain states, heard good news from the founder and president, Howard Cowden.

Not only were C.C.A.'s sales for year ending Aug. 31 up 41% to hit an all-

time high of \$7,234,500 (not including internal sales of the three oil producing-refining subsidiaries which would boost the total to over \$10,000,000) but also net savings (which co-op people, opposed to the profit system, refuse to designate as "profit") were 57% ahead of last year, or 187% ahead if refinery-pipeline operations are included.

• **What the Refinery Did**—Most important item—the one which prompted the purchase of the Scottsbluff refinery—was the net income for the first full year of operation of the Phillipsburg refinery: \$204,000 or approximately 50% of the total savings on all operations, which include sales of paint, hardware, lubricating oils, lumber, tires, batteries, electrical appliances, and groceries. If one refinery is such a good investment, two should be twice as good, it was reasoned.

Crude supplies for the Nebraska refinery will continue to be supplied by Ohio Oil Co.'s wells in Lance Creek field in central Wyoming, coming to Scottsbluff via Illinois Pipe Line (to Ft. Laramie) and C.C.A. transport trucks.

• **How about Future?**—That Howard Cowden will acquire additional refineries and pipelines for C.C.A. is almost a foregone conclusion. On the other hand nonco-op oil and refinery people insist that Cowden's luck can't last forever. What, they ask, would happen if the pools that supply the Phillipsburg refinery, should dry up as thousands of oil pools have done elsewhere? And what if engineering advancements should overnight render both co-op refineries obsolete? Could C.C.A. take it?

Possibly Cowden's answer may be found in advice which he recently gave member associations, which actually own C.C.A. He advised them (1) to start building up reserves out of the abnormally high savings (profits) instead of using them to sweeten patronage refunds (cash dividends); (2) to diversify present lines even to the extent of remodeling service stations (which many C.C.A. affiliates are) to handle groceries, feed, seed and even electrical appliances.

• **C.C.A.'s Example**—Setting an example for member associations, C.C.A. has this year paid off about 75% of the \$400,000 borrowed from Farm Credit Administration (Bank for Cooperatives) three years ago for refinery construction. Another FCA loan has been made to finance the Scottsbluff refinery. Moreover, Cowden is now investigating possibilities of diversification in several lines including lumber manufacture and food processing. (Approximately 75% of C.C.A. sales last year were from refined oils, lube oil, and grease.)

Greatest fear today of leaders in the cooperative movement is that the federal administration may follow the example set by Canada and England in prohibiting the issuance of patronage refunds on the ground that the practice is a subterfuge for price-cutting.



You're Probably Wrong about Railroad "Cops"!

• "A tough guy who chases small boys and hobos." That's the old-time idea of a railroad policeman. But it just doesn't fit today.

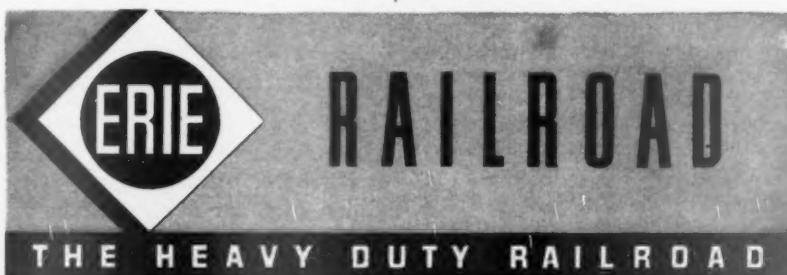
Now, with rail transportation all important to the National Defense, the ever-present danger of sabotage finds Erie's vigilant police on duty 24 hours a day. It's "hands off" to all who would disrupt the steady flow of defense loads for Uncle Sam.

"The Freight Must Go Through—Safely and on Time" is a cherished Erie creed . . . and that safety factor is taken care of by one of the most efficient railroad police forces in the world. Every shipment of freight is zealously guarded by men schooled in modern scientific methods of crime prevention and detection. So effective is their work Erie can point to a record of only a few pennies' loss due to theft per \$1000 value of goods carried.

Whatever your freight, you can trust Erie to deliver it safely—and at lowest cost!

Transportation problems? Call the Erie agent or write—

Carl Howe, Vice President, Erie Railroad,
Cleveland, Ohio



Is Liquor "Allied"?

All-industry association, started by wholesalers under Schenley auspices, is bidding for support of other distillers.

On Armistice Day in Chicago, liquor wholesalers from all over the country met to organize Allied Liquor Industries, Inc., as an all-industry public relations association to meet the growing threats of drys and taxes. This is the third attempt in less than a year to achieve unity in the liquor industry. Last November the producers—distillers, rectifiers, and importers—set up the Conference of Alcoholic Beverage Industries, failed to get the support of distributors. Last July, retailers tried to organize a national beer, wine, and liquor association, but failed to get the support of producers.

Allied Liquor Industries, Inc., at least started out more auspiciously than the others. It drew more than 200 leading executives of the industry—wholesalers, distillers, rectifiers, importers, brokers, and trade association officials. The organizing wholesalers were uniformly enthusiastic, and the rest voiced their approval.

• **Officers Named**—The Chicago meeting elected Thomas F. McCarthy of Austin, Nichols & Co., New York, as president, and named 58 directors, two wholesalers from each of the 28 "open" states and the District of Columbia, in which the liquor trade is still in private hands. Chairman of the board is Joseph F. Tonkin of Tonkin Distributing Co., San Francisco. Provided for in the by-laws is a 25-man executive committee, scheduled to be made up of ten wholesalers, ten distillers, two importers, two rectifiers, and one broker. First annual meeting is to be held in St. Louis next February.

Membership of the executive committee is crucial to the new organization. If the wholesalers are able to line up ten leading distillers between now and February they may have solved the problem of uniting the industry—and financing the organization. Although the wholesalers have financed expenses to date out of their own pockets, they look to distillers to bear their share of the running expenses.

• **Backed by Schenley**—Schenley, principal proponent of the all-industry trade association idea since the company broke with the Distilled Spirits Institute (for distillers only) last year over the Sturges Plan, is very much behind the wholesalers. The movement was inspired at Schenley's big sales conference in Cincinnati last month, which was attended by Schenley jobbers from all parts of the country.

Mr. Tonkin there took the lead in organizing a national wholesalers association, quickly obtained \$50 cash from each of more than 75 Schenley jobbers.

Despite the obvious Schenley connection, distillers generally favored the organization of wholesalers for the valuable support such an association could give, particularly on state and local problems.

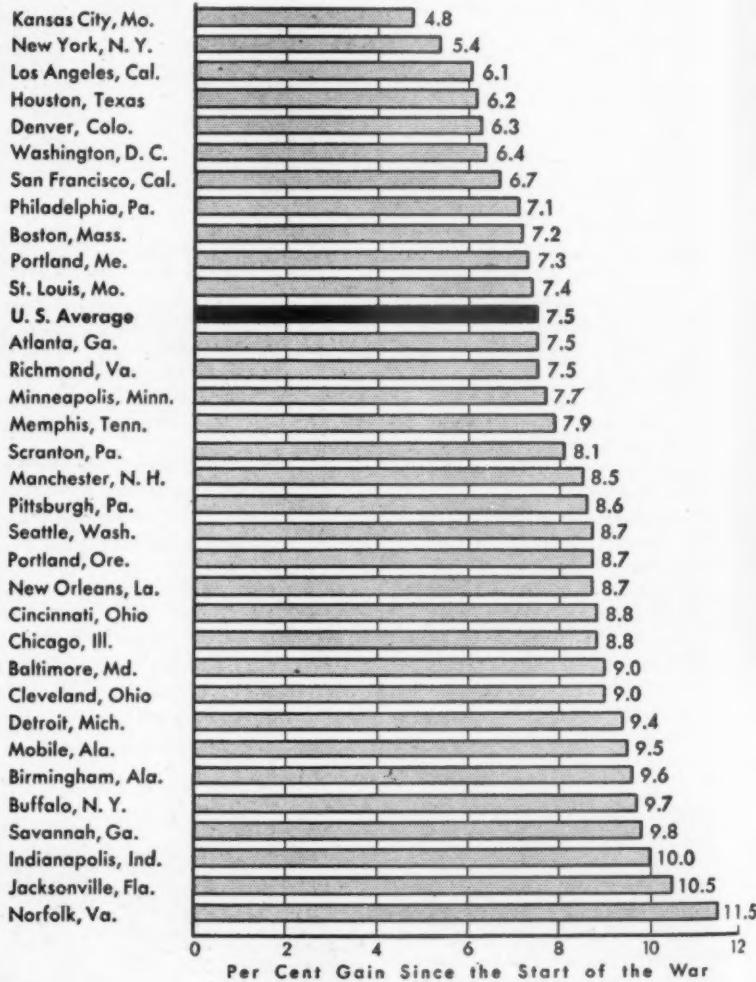
• **Metamorphosis**—Somewhere, somehow between the Cincinnati meeting and the Chicago meeting, the idea underwent a complete metamorphosis from an organization of wholesalers by wholesalers to an all-industry trade asso-

ciation strikingly similar in pattern to the plan long espoused by Schenley's Chairman of the Board Lewis J. Rosenstiel.

Rosenstiel's presence in Chicago, together with Carl Byoir and Herbert Bayard Swope, made many distillers present wonder if they might not be putting their necks in the Schenley halter by subscribing to the new outfit. Mr. Tonkin's earnest protestation that Allied Liquor Industries, Inc., would not "duplicate, supersede or interfere in any way with any existing state, local or national organization" raised more qualms among other association people than it set at rest.

AROUND THE MAP WITH THE COST OF LIVING

Per cent gain in 33 key cities since the start of the war



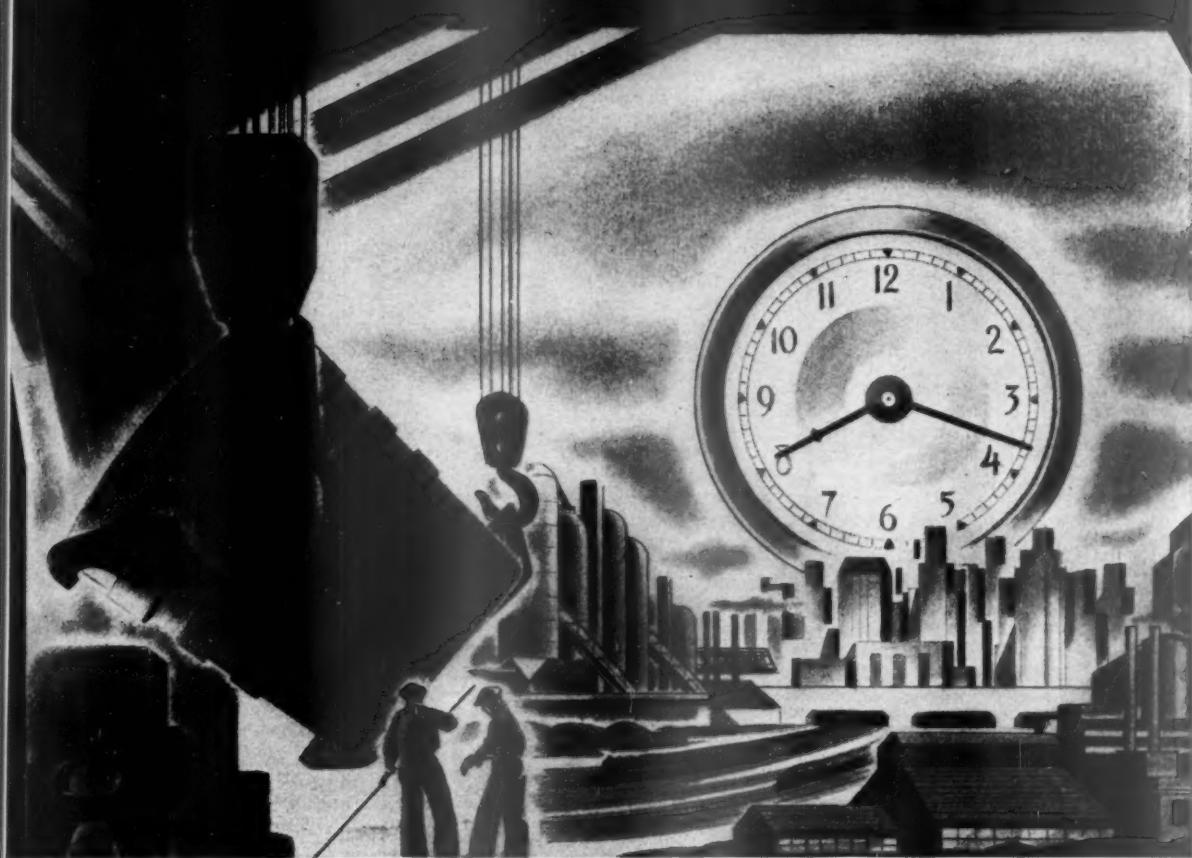
Data: U. S. Bureau of Labor Statistics.

© BUSINESS WEEK

The scorecard on the cost of living since the start of the war shows that residents of Norfolk, Va., have to pay 11.5% more for food, clothing, and shelter than they did when German troops marched into Poland. At the

other extreme is Kansas City, Mo., where living costs have risen only 4.8%. For the country, the gain is 7.5%. Of the 33 cities charted, 20 are above the national average, 11 below, and 2 smack on it.

WHERE MINUTES COUNT BUSINESS MACHINES



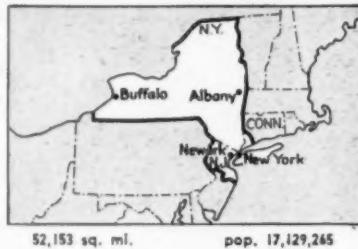
Today, with industry functioning at top speed in America's vast preparedness program, minutes are priceless and irreplaceable. In accounting for precious time and materials, modern business machines are performing a most important service. Business machines record the facts concerning every ounce of metal, every vital production minute. Automatically, they take care of time-consuming details, speed up reports, and reduce the chance of error. They keep constantly available the up-to-the-minute facts concerning men, minutes, money, and materials.

INTERNATIONAL BUSINESS MACHINES CORPORATION



The Regional Market Outlook

NEW YORK (Income Index—126.0; Month Ago—126.9; Year Ago—110.2)—New York City apparel manufacturers are looking forward to increased operations despite threatened shortages of materials and machine parts. Increased demand is expected, because (1) warm autumn weather has delayed buying so far and (2) consumers are apt to buy apparel if they can't get durable consumer goods. However, clothing lines are likely to lag behind arms output;

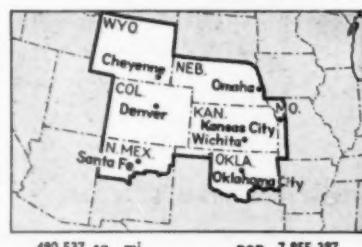


ATLANTA (Income Index—142.9; Month Ago—145.2; Year Ago—115.6)—Rural sales are particularly promising in southern Mississippi, Alabama, and other cotton-growing areas of this Reserve district, even though marketings have been about completed. Farm receipts to date have been exceptionally good. Income also is up, but not so sharply, in fruit- and vegetable-producing Florida and the Gulf Coast, and in livestock-raising Tennessee and other northern sections.

Urban trade gains from now on will be widest in armament areas, inasmuch as textile, lumber, and food manufacturing have not been expanding (BW—Sep. 20 '41, p.34), and there is again a threat that a power shortage will force curtailment of nondefense operations. Emergency measures and normal rains, however, probably will avert any protracted restrictions on output.

Chief armament, hence sales, hot spots

KANSAS CITY (Income Index—125.2; Month Ago—123.8; Year Ago—105.9)—Seeding of 1942 winter wheat has been nearly completed. Where wheat is up—Oklahoma, western Kansas, Nebraska—it is in good condition, but total acreage is off considerably from last year, for two reasons: (1) AAA allotments are down and (2) excessive rains have interfered with seeding. Of course, unused wheat acreage may well be turned later to oats, barley, and other

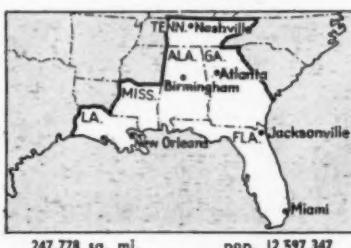


to date, women's coat and suit production has been up but 15% over 1940.

Sales and income gains are running above the national average in aircraft-building, Long Island, ordnance-making Bridgeport, Conn., and in the heavy-industry areas of upstate New York (BW—Oct. 25 '41, p.47). Even industrialized northern New Jersey (BW—Feb. 22 '41, p.48) has been keeping pace with the nation since 1939. Normally, payrolls there would lag during business upswings, as in New York City, because nondurable goods—textiles, apparel, chemicals, etc.—are predominant.

Defense plants have altered that pattern. New aircraft, shipbuilding, and other armament facilities have been awarded to Paterson, Kearny, Harrison, Dover, Caldwell, Bloomfield, Belleville, Bendix, East and West Orange and a host of other towns. In coming months, therefore, northern New Jersey sales gains are likely to continue large.

are concentrated in northern Alabama—at Lister, Gadsden, Sheffield, Huntsville, Taladega, Sylacauga, Childersburg, Birmingham, etc.—and in southern Tennessee—at Chattanooga, Copperhill, Maryville, Alcoa, etc. Other defense centers are scattered—Flora, Miss., Lake Charles, La., Macon, Ga., and coastal shipbuilding points. The business impetus from army camps and bases has about reached its peak, with construction and staffing about finished.



small grains. This year's bumper cotton and wheat receipts are boosting retail sales above average in Oklahoma and especially in Kansas. However, farm income and trade are not up quite so sharply in livestock-producing areas, even though pasture and range conditions are excellent and feed crops plentiful.

Operations have started in district bomber-assembly and ammunition plants, and the rise in payrolls is lifting sales gains to average levels in Denver, Tulsa, and Omaha, and above average in Wichita and Kansas City (Missouri and Kansas).

Other arms works are still under construction—at Parsons and Baxter Springs, Kan.; Choteau, Okla.; Wahoo, Neb., and Pueblo, Colo. Output of "regular" district lines—meat packing, flour milling, petroleum, zinc, lead, and coal—is still slowly advancing, but increases over 1940 are narrow compared with the direct armament industries.

FM's Record Sales

Defense helps to make the industry's dreams come true. But possible shortages cast shadow on immediate future.

Joyously, FM Broadcasters, Inc., "staticless" radio's trade association, last week issued some statistics indicating that the rosiest prophecies of FM predicts have come to pass—thanks, in part, to the defense boom. What the prophecy can mull over now is the problem of how soon their benefactor, the war economy, will whirl around and halt the budding industry at approximately its present level of growth.

On Jan. 1, 1941 there were 15,000 FM sets in the entire U.S. Now there are 120,000 in use, and manufacturers are frantically trying to produce 1,500 units a day to catch up with demand which is 20% to 50% ahead of them. Here's how FM set ownership is currently distributed:

New York City	30,000
Chicago	15,000
New England	10,000
Detroit	6,000
Los Angeles	6,000
Philadelphia	5,000
Milwaukee	3,500
Pittsburgh	3,500
Hartford	2,500
Albany-Schenectady	2,500
Cleveland	2,000
San Francisco	1,500
Kansas City	1,500
St. Louis	1,500
Others	28,600

• **Behind the Statistics**—Behind this ten-fold growth of ownership in ten months are two major factors: (1) Increased buying power has made consumer demand effective; (2) set manufacturers don't want to waste precious metals (like aluminum) on cheap radios, thus are pushing FM-AM combinations to achieve higher retail price and a longer profit margin (BW—Aug. 2 '41, p.24).

Twenty manufacturers are now producing FM receivers. All except two—Crosley and Philco—use Armstrong patents (Major Edwin H. Armstrong is the inventor of FM). The two exceptions have systems of their own, and watched closely by competitors for fear they'll crack the price structure. Philco, in fact, already has produced plenty of jitters by coming out with models retailing for less than \$75. In retaliation other manufacturers are steaming up the theme that you can't get quality unless you pay quality prices.

• **Materials Problem**—But the big question now is: How much longer will the manufacturers be able to get enough materials? Probably not much longer, the general opinion. Furthermore, dealer inventories are not likely to be too flush because radio dealers as a whole haven't



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the capital or the storage space to invest in such expensive and bulky merchandise as FM receivers.

Similarly, the war economy will affect the building of new stations, on top of which the current Federal Communications Commission investigation of the ownership of radio facilities has put the damper on applications for new licenses (BW-Jul. 26 '41, p32). On the other hand, there'll be no lack of programs for set owners. And the industry can be reasonably sure of one thing: It will be allowed enough materials to keep itself alive during the emergency, for Washington is counting on FM, as well as television, as a new industry to help cushion the postwar shock (BW-Nov. 15 '41, p8).

Macy's Explores

Buyer makes a circuit of middle western markets to find new supply sources and result is a series of surprises.

With old reliable sources slowing up on deliveries and promotion merchandise classifying as scarce to rare, R. H. Macy & Co. last week took steps to overthrow tradition and pulled a man-bites-dog by sending out a buyer to explore middle western markets for much-needed supplies of goods.

Last week I. G. Kinzler, general buying representative, spent three days interviewing manufacturers at a temporary office in the Chicago Merchandising Mart.

• **On to St. Louis**—This week, he moved on to St. Louis. From there he goes to one- and two-day stands in Cincinnati, Toledo, and Cleveland.

To flush the prospective sellers out of the thickets where they lay concealed, Macy's ran a one-inch advertisement on a Chicago financial page, followed it with newspaper publicity that brought in brand-new contacts at the rate of 75 a day. Most of these were small manufacturers who had never cultivated department stores or who had never sold anything outside of Cook County.

• **Succession of Shocks**—Buyer Kinzler got a succession of shocks from visitors who offered items that he could use but asked him what Macy's could offer as credit reference. Kinzler bought a few goods but confined himself principally to making notes for department buyers at New York and to taking in samples. By Saturday, his desk was piled high with everything from shopping bags to butter cookies.

Some of the articles were acceptable as submitted, others needed a little juicing up for style. Astounded by the volume of goods he could get for immediate delivery, Kinzler told promising

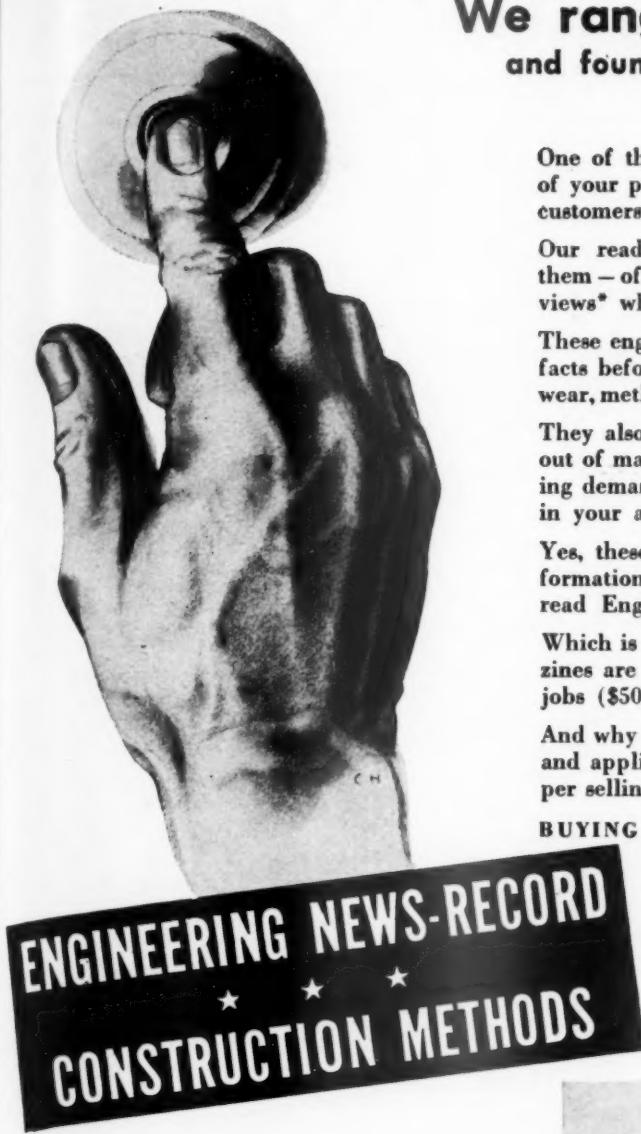
WHERE FM STATIONS ARE LOCATED

Comparatively as rapid as the growth in ownership of FM receivers has been the growth in the number of FM broadcasting stations. Already, 19 commercial stations are on the air and 41 more are under construction. Geographically, they divide up as follows:

	Completed commercial stations*	Commercial stations under construction
California		
Los Angeles	1	4
San Francisco	1	1
Connecticut		
Hartford	1	1
Illinois		
Chicago area	2	5
Rockford	1	1
Indiana		
Evansville	1	1
South Bend	1	1
Fort Wayne	1	1
Kentucky		
Lexington	1	1
Louisiana		
Baton Rouge	1	1
Massachusetts		
Boston	1	1
Springfield	1	1
Michigan		
Detroit	2	2
Lansing	1	1
Missouri		
St. Louis	1	2
Kansas City	1	1
New Hampshire		
Mt. Washington	1	1
New York		
New York area	1	9
Schenectady	1	1
Rochester	1	1
Binghamton	1	1
Syracuse	1	1
North Carolina		
Winston-Salem	1	1
Ohio		
Columbus	1	1
Pennsylvania		
Pittsburgh	1	1
Philadelphia	2	3
Tennessee		
Nashville	1	1
Utah		
Salt Lake City	1	1
Wisconsin		
Milwaukee	1	1

* These figures include commercial stations only, do not include a total of 14 non-commercial or experimental stations now broadcasting. For instance, in the New York area, there are three stations actually on the air at the present time in addition to the one completed commercial station (W71NY owned by WOR) listed above—Major Edwin H. Armstrong's W2XMN, NBC's W2XWG, and W2XQR owned by station WQXR. In addition, 51 stations have applied to the FCC for commercial licenses—some of them listed above as "under construction," some of them already on the air experimentally.

visitors that it was a safe bet that Mac buyers would soon follow in his track to place actual orders.



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and found that products are never oversold,
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One of the best ways to "sell" the virtues and applications of your products is to offer help to your present and future customers.

Our readers have suggested ways and means of helping them — of *selling* them! They've told us in hundreds of interviews* what they want to know about building products.

These engineers and contractors insist on getting engineering facts before they buy. They ask for details on performance, wear, methods of application, speed of placing, and many more.

They also welcome helpful information on getting the most out of materials and equipment. Recent checks show increasing demands for this type of literature (which you can offer in your advertising).

Yes, these men want facts that help them *build* better, information that helps them *buy* better. That's the reason they read *Engineering News-Record* and *Construction Methods*.

Which is also the reason why paid subscribers to these magazines are working today on 95% of big engineered building jobs (\$500,000 or over).

And why these magazines can help you keep alive the virtues and applications of your products at a cost of less than 3/4¢ per selling contact!

BUYING INFLUENCES ON ENGINEERED BUILDINGS

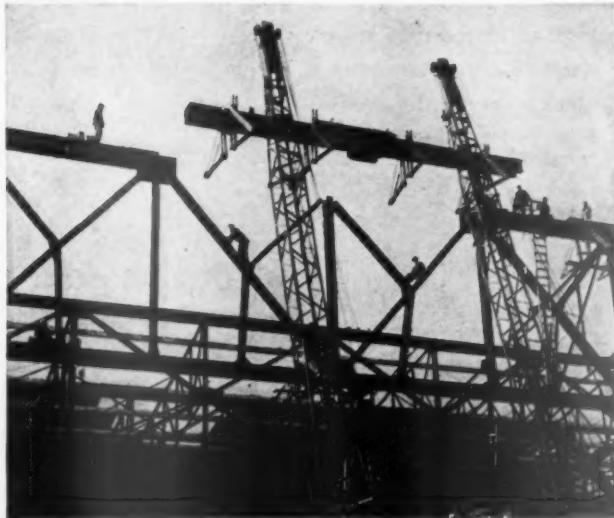
1. Consultants (engineering and architectural firms).
2. Owners' staff engineers (public and private).
3. Contractors.

These are the men who specify, approve and buy products for industrial, public and commercial engineered buildings. These are the men who read *Engineering News-Record* (32,700) and *Construction Methods* (21,600).

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* Reports of these interviews are available on request. They offer suggestions for sales and advertising managers. They're packed with ideas for copywriters. Write to A. E. Paxton, Manager.



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LABOR & MANAGEMENT

Threat to TWI

OPM's Training Within Industry program, now entering its second year, is threatened if C.I.O. withdraws its cooperation.

As the Congress of Industrial Organizations went into session in Detroit this week (page 15), business generally was well aware of the principal issues which were at stake: Would the miners go back to the captive mines? Would Roosevelt be forced to adopt a more rigorous policy to end defense strikes?

Far less obvious, however, were some of the possible effects in remote sectors of the defense front which might flow from a C.I.O. decision to repudiate Hillman's policy of cooperation with the defense program. For example, if C.I.O. were to withdraw its support from OPM's Labor Division, the division's successful Training Within Industry program—just entering its second year—would be seriously threatened.

The TWI program (BW-Mar. 15'41, p76) centers on four main objectives: (1) upgrading and advancement of employees to jobs requiring higher skills; (2) intensive instruction of production workers; (3) promotion of trades apprenticeship; and (4) supplying more and better labor-training supervisors.

• **Needs Cooperation**—To achieve such comprehensive objectives, TWI obviously needs the cooperation of labor—particularly the section of labor in the mass-production industries. And that means the C.I.O. Heretofore, the C.I.O. has given TWI its cordial cooperation.

Northern Ohio furnishes a good example of the way the C.I.O. men and representatives of management in TWI have been working together. Ray S. Livingstone, of the Thompson Products Co., is an adviser for the program in the area. Currently, Thompson is the target of an all-out C.I.O. organizing campaign. To the C.I.O. union involved (United Automobile Workers), Thompson is considered a bitter enemy. Yet Ray Livingstone and Elmer Cope, Cleveland director of C.I.O.'s big steel union, work together in harmony on TWI matters.

If Cope and other C.I.O. leaders, now actively participating in the program get orders to withdraw from all OPM Labor Division activities, it's going to be tough on TWI and the contractors it aids.

• **The Record**—Celebrating its first birthday, TWI found that it had serviced 1,736 prime contractors and subcontractors holding government orders whose total labor force aggregated 2,750,000

employees. Naturally, all of these workers were not drawn into TWI activities directly, but TWI's chief, Channing Dooley, on leave from Socony-Vacuum Oil Co., is sure that all the firms have at least made a beginning on helping themselves through TWI to increase the effectiveness of their available labor force.



LONG-LINES STRIKE?

John J. Moran, president, Federation of Long Lines Telephone Workers, an independent union, was all set to call a strike last week of 15,000 workers in 42 states who handle long distance telephone, teletype, and radio lines. But just before the deadline on Nov. 14, the walkout was postponed for one full week at the behest of John R. Steelman, director of the U.S. Conciliation Service, who persuaded the union to try further negotiations. Sole issue, said Moran, is elimination of geographical differentials in pay for workers doing the same type of work. But one complication is the fact that the union is determined to get the dispute certified to the National Defense Mediation Board, agreeing in advance to accept any recommendation that the board might make—obviously confident that the board would recommend elimination of the differentials. If the strike should be rescheduled, the union has made it clear that it will not interfere with any essential defense communications.

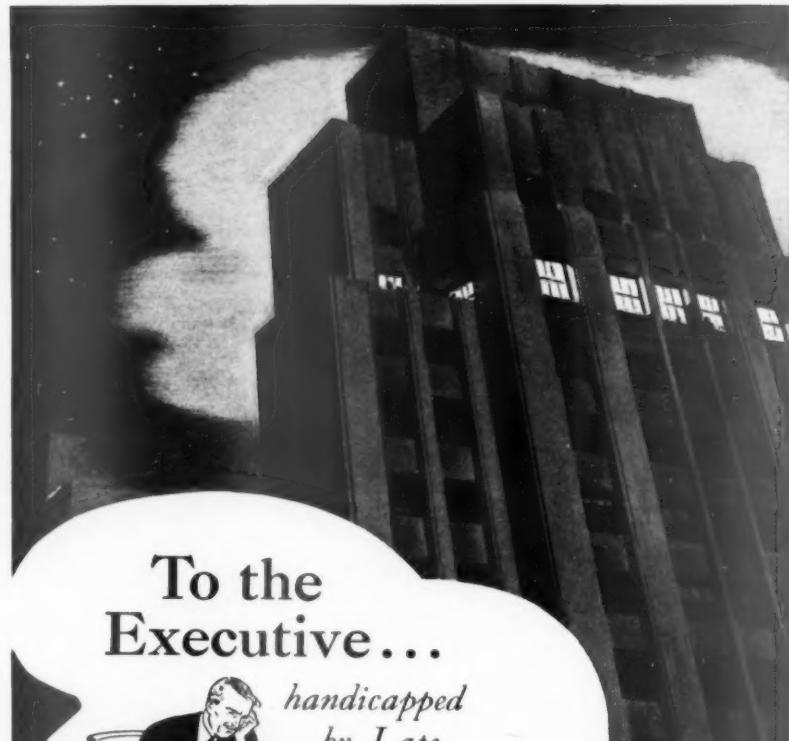
The TWI headquarters are in Washington, where personnel includes a committee of twelve-six management men and six labor representatives, three from the C.I.O. In the field, the program operates through 22 district offices, relies primarily on the volunteer efforts of practicing personnel men and union leaders. TWI panels are established in each district under the chairmanship of an outstanding personnel man who gathers around him a committee of advisers and assistants from industry and labor.

• Pool of Ideas—For an example of how TWI works in each district, consider again the activities of Ray Livingstone of Thompson Products, who is an adviser to Oscar Grothe, of White Sewing Machine Co., Northern Ohio district panel head. When Livingstone consults with other government contractors in the Cleveland district—as part of the TWI program—he is able to diagram for them Thompson's experience and, in some cases, able to help establish similar labor-training programs in their plants. When Livingstone works out a new twist or experiments with a new technique in Thompson's training program, blue prints and results become the common knowledge of all firms participating in TWI in the area. Similar contributions are made by other participants and all of them borrow ideas from the common pool.

When a new firm joins TWI, it can expect all the help it needs in reviewing and revamping its own labor-training program or instituting such a program where it had none before. And it isn't only free advice that is offered.

• Experts Available—Experts like Glenn L. Gardiner of Forstmann Woolens, who heads the New Jersey area panel, are on hand to handle the installation of training programs and to keep them operating smoothly. Thus, the system gives a government contractor or subcontractor an opportunity to "employ" at no cost training experts whose services heretofore have been available only to companies that could afford to give them full-time positions at high salaries.

To promote the use of TWI facilities, over 480,000 bulletins have been distributed to potentially-interested firms. These publications cover the establishment of complete training programs, training of production workers, improving the caliber of supervision, off-the-job training, and upgrading. Recently, many of the original, basic bulletins have been supplemented with special reports on specific applications in particular industrial plants and industrial processes. For instance, the reports deal with such subjects as the training of operators for the high and specific skill of lens grinding and with the manning of new mass-production plants in localities where no experienced skilled labor is available. A list of all such TWI publications and the publications themselves are available



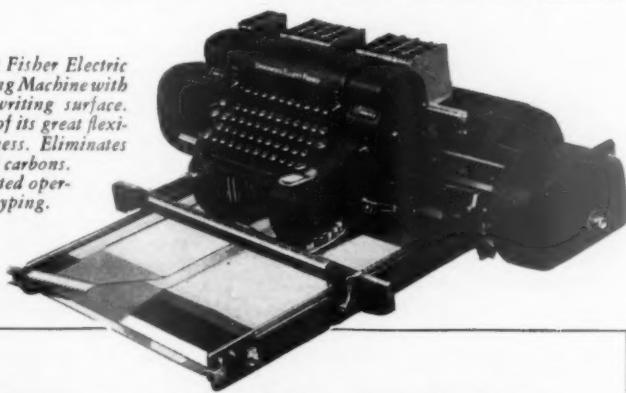
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EMPLOYER-EMPLOYEE RELATIONS—Keystone of National Defense

By Alvin E. Dodd
President, American Management Association

What is industry's problem today? It is to apply its most dynamic techniques to the mass production of war goods. Obviously, this job cannot be done unless there is complete harmony and teamwork between management and labor. "All out" defense production is impossible unless there is "all out" cooperation between these two partners.

What, after all, is a strike? It is not a disorder in itself; it is the symptom of a disorder, as fever is the symptom of sickness. Mediation can bring a working arrangement between a company and its employees. But if the mediation is going to "stick", the fundamental employer-employee relationships must be in healthy condition, because mediation, in the final analysis, is only a treatment of the symptoms.

The real remedy—not just a palliative—is the development of "family" relations in the company. This means forward-looking policies and practices, such as: the establishment of communication channels



between workers and management; written labor policies; modern methods of employee selection; sound promotion methods; employee benefit plans (pensions, sick leaves, vacations, etc.); well-developed salary and wage administration; continuous employee training, etc.

These are not frills. They represent the only approach to good "family morale" and to the more efficient operation of the company. They are, in sober fact, the only road to the priceless ingredient of management—employee cooperation and goodwill; the ingredient to which there is no short cut, and which is, indeed, the *sine qua non* of America's defense program.

This article, written by Alvin E. Dodd, as an independent observer, is published as a matter of interest to both employer and employee.

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• **Instructor Training**—At the present time, TWI is expanding what it calls its "Job Instructor Training Plan," designed to teach workers how to teach and supervise other workers. Specifically, it aims at making gang bosses of good workers, foremen of gang bosses, general foremen of foremen, and superintendents of general foremen.

Methods and techniques for this part of TWI's program have been experimented with in the New Jersey district, under Glenn Gardiner's direction.

SUNDAY WORK LAWS

Washington is worried about increasing defense production, yet 46 states—all except California and Wyoming—have laws requiring at least one day of rest in seven for workers. So far, little has been done about the problem, but a survey of state laws and how they are enforced is being undertaken in the interests of machine-tool builders, who are feeling the pinch particularly. And the Administration is putting pressure on states to have the "rest" laws overlooked—if not repealed—for the duration.

Just how serious the problem is cannot be estimated until a general survey is undertaken, but out of 162 machine-tool plants recently questioned by the Department of Labor, employing 85,000 workers, only 4,000 employees in 29 plants were working on Sunday. Government labor men say that the state closing laws are extensively ignored by employers who want to work weekends; hence, they argue the state law is used only as an excuse by manufacturers who don't want to work seven days a week.

Connecticut, Illinois, Massachusetts, Michigan, New Hampshire, New York, Wisconsin, Pennsylvania, and the District of Columbia require "one day rest in seven." Sunday work is specifically prohibited in all other states—except for works of "charity" and for such "inseparable" duties as household chores.

LUNDEBERG REPORTS

Tall, gum-chewing, Harry Lundeberg, head of the Sailors Union of the Pacific, announced last week in San Francisco that his organization will transfer \$25,000 of its strike fund (38%) from cash to United States defense bonds.

In revealing the move, Lundeberg, arch-foe of Harry Bridges, let loose a few interesting facts about his union. It has a net worth of \$170,820; will soon boost monthly dues from \$1.50 to \$2.00; has 4,800 members (as compared with 7,000 following the 1936 waterfront strike). Lundeberg claims wages for S.U.P. sailors have been raised from an average of \$40 a month, without overtime, to a minimum of \$100, plus overtime, since 1934.

Truckers' Truce

Work stoppage averted by signing an incomplete pact and agreeing to seek arbitration by NDMB on other points.

For six weeks negotiators representing 250,000 over-the-road truck drivers and their 900-odd employers wrestled over the terms of a new contract to replace their agreement expiring last week end. The A.F.L. Teamsters demanded that pay be boosted from 3¢ a mile to 5¢, that working conditions be improved, and that the contract cover five years.

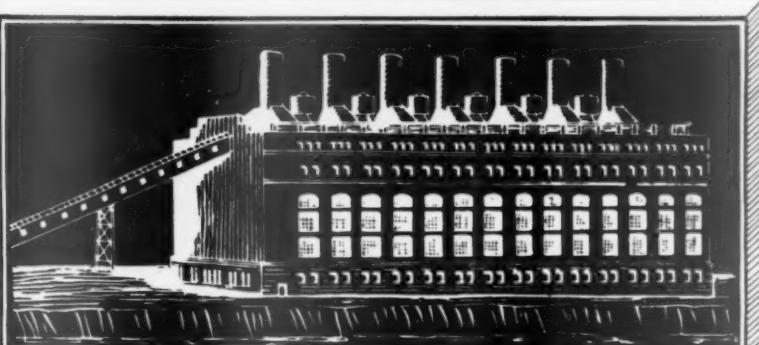
The employers pointed to operating costs, already up one-half cent a mile. They argued that most truck lines are owned by individuals instead of by large corporations and that once the owner goes bust his trucks cease running. Likewise, they pleaded hard times, claiming that in agricultural states—including the Dakotas, Iowa, Minnesota, Wisconsin—their traffic is far below what it was a year ago.

• Featherbedding?—The owners termed the union's working-condition demands an attempt to introduce railroad featherbedding (a union rule under which employees whose jobs have been eliminated technologically or by short loads are paid for work they do not do) into trucking, and they insisted that no contract concluded now should run beyond December, 1943.

John T. O'Brien, for the teamsters, offered to accept arbitration at the hands of OPM's Labor Division. John L. Keshin, for the operators, was just as eager to arbitrate, but only at the hands of the Department of Labor Conciliation Service. Despite soothing releases for public consumption, everybody concerned was plenty worried as time wore toward the deadline.

• Tobin's Hand—Dan Tobin, president of the Teamsters International reportedly urged his midwestern group to defer its sturdy demands. Joseph D. Keenan of OPM's Labor Division told both sides that their prospective strike would handicap defense even worse than the captive coal mine strike. Late Friday, O'Brien and Keshin signed an agreement settling many of the points at issue and thus ended any danger of an immediate stoppage of work.

Still in dispute are wages, vacations, and length of the contract. To settle these points, the negotiators agreed to refer the case to NDMB for arbitration and to accept its decision as final and binding on both parties. The catch in this is that NDMB does not walk into a case upon invitation of the disputants, but only acts when the case has been certified to it by Secretary Perkins, Dr. Steelman, and Board Chairman Davis.



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And last weekend NDMB, after precipitating the coal imbroglio and losing its C.I.O. representation (page 15), wasn't anxious to accept any cases until it was sure of its future status—if any. But early this week, NDMB screwed up its courage to tackle the case, largely because it seemed like one on which the board couldn't go wrong in view of the disputants' advance agreement to accept any recommendation as binding.

Welding Confab

Independents finally decide to attend OPM-A.F.L. meetings. Transfer card proposed by Hillman to settle the issue.

Despite their earlier snub of Sidney Hillman's invitation to attend conferences with OPM and the A.F.L., representatives of the independent welders who have been kicking up trouble recently, particularly in West Coast shipyards, finally came 'round this week and consented to talk things over. They wouldn't sit at the same table with the A.F.L. to begin with, but OPM's Labor Division fixed that up by putting them

in one room, A.F.L. representatives in another and shuttling back and forth like a worried hen with two nests of eggs.

• **Firm Refusal**—Only absolute certainty in the tangled situation was that the A.F.L. would stick firmly to its refusal to admit the welders into the metal trades department as an autonomous craft union with a separate international charter. Traditional A.F.L. position is that welding is a tool, not an occupation, and that welders should belong to the union which has jurisdiction over the job on which the tool is being used.

In practice, that means that if a welder is working on a boilermaker's job, then comes to a steamfitter's job, he either has to quit or hold a card in both unions. If he quits, he loses wages. If he has to hold cards in two or more unions, he has to pay initiation fees and dues on both or all of them. And that's the basis of the whole dispute—Joe Welder's pocketbook.

• **OPM's Scheme**—OPM's proposal at the Washington conferences was that the A.F.L. allow welders to carry a universal transfer card that would allow them to transfer from one job to another—paying, of course, any difference in dues that might exist.

The welders' leaders explained their non-participation on the ground that

there had been violations of the agreement on which the welders had gone back to work last week—an agreement that they could and would return to their jobs while the issue was debated in Washington. Welders' leaders said that their men were being "physically attacked, discriminated against, threatened, and intimidated" by members of other A.F.L. metal trades unions in various cities on the Coast, notably Seattle and Los Angeles, and in the South, principally in Alabama.

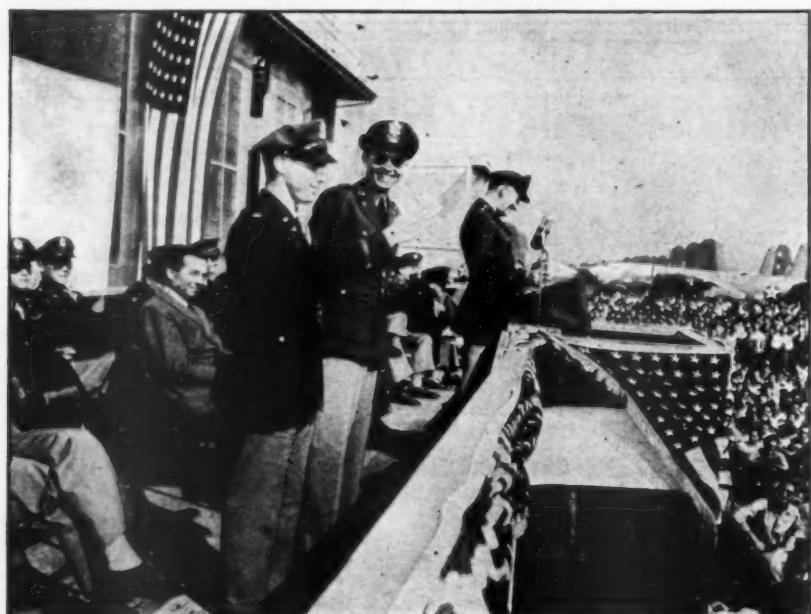
• **A Different Explanation**—Sideline observers had a different explanation for the action of the welders' spokesmen in first ducking the conferences, then grudgingly cooperating. In view of A.F.L.'s adamant attitude, they must have seen that the only logical outcome would be an agreement for the universal transfer of cards. That would mean that there would be no separate, independent union in the A.F.L. for the welders' leaders to lead. That was an item of apparently greater consequence to the leaders of the new union than it was to the rank-and-file who were chiefly interested only in saving the extra dues and initiation fees they now have to pay in several A.F.L. internationals; in some cases, this involves a loss of as much as \$500 or \$1,000 a year for individual welders. When the welders' leaders realized just where the men stood, they came around.

Getting the A.F.L. even to consider a universal transfer system was one feather in the OPM Labor Division's cap; getting the welders to participate was a second. And at midweek the negotiators were hopeful of even unraveling soon the knotty problems of how to adjust differences in the fees required by the various unions involved, a formula necessary to make the universal transfer system work.

DEFENSE BONUS PLAN

A new type of extra wartime compensation—a defense bonus—has been devised by Allis-Chalmers Co. to fatten the pay envelopes of 21,000 employees in eight of the company's plants by over \$1,000,000. Instead of paying the money in a lump sum, the company will distribute it at rates of 2¢ an hour to hourly-paid workers, 3¢ for time-and-a-half, 4¢ for double-time work. Salaried employees will get comparable adjustments.

Although it is administered in that form, the bonus is by no means comparable to a general wage increase. Bonus books are kept separate from regular payrolls, and the bonus provisions, designed to supplement general raises aggregating 12¢ an hour which have been granted since last April, are not set forth in any contract. The company has set a definite time limit of one year on the bonus plan.



PEP TALK

Douglas Aircraft Co.'s employees got a chance last week to see the men for whom they make the planes when flight and maintenance officers of the air forces (above) toured the Douglas plant at Santa Monica, Calif., and greeted 15,000 first-shift employees at a monster mass-meeting. It was all

a part of the military's drive to encourage production. On another front, Admiral William H. Standley followed up his address to workers at Carnegie-Illinois Steel Corp.'s Gary Works (BW—Nov. 15 '41, p15) by appearing at the Carnegie-Illinois Pittsburgh plant for ceremonies in which the Navy presented the plant with its "E" pennant, symbol of outstanding achievement.



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FINANCE

To Woo the Thrifty

A.B.A. committee evolves five-point program for banks that feel need of combating drift from savings accounts.

Some of this country's leading savings bankers, after lengthy introspection, have just about decided that they are missing the boat. People are still saving, but five out of every six who start a new thrift account start it elsewhere than in a savings bank—notably in defense bonds and in savings-and-loan institutions.

This is the rather sad finding of a study by the American Bankers Association's committee on savings development, embodied in a new booklet entitled "Preserving Your Bank's Leadership in the Savings Field." And, while paying due attention to the fact that savings banks really haven't wanted to increase their deposits over the last half dozen years, the committee warns that they "should adopt a long-range viewpoint . . . in maintaining leadership in the savings business."

• Common Problem—The primary problem of the savings banks in recent years is one that they have had in common with all investing institutions. They put their money only into top-flight investments, and the return on these is only a fraction of what it used to be. Consequently, the banks haven't wanted new money to make the job even tougher. So the savings bankers have turned down deposits which are short-term in character and really should be in checking accounts—commonly called "hot money" or "in-and-outers." They have slashed

interest rates horizontally to discourage deposits. And they have imposed arbitrary limits on the amount that any saver could deposit within, say, a year's time.

These practices have resulted in some pretty drastic percentage changes in the savings banks' position in the thrift business. In the two years ended June 30, 1941, about \$3,740,000,000 went into savings banks, savings and loan associations, and Baby Bonds (the two-year period for Baby Bonds ends April 30, 1941). Of this total, banks received only 28.6%.

• A Different Story—In other days, when savings bankers competed actively for thrift funds, it was a very different story. In the five years ended June 30, 1930, the banks got 62% of the new savings.

Notwithstanding this trend away from banks, their deposits now are at the highest point since 1932. Of the \$33,000,000,000 in savings and loan, U. S. Savings bond, and bank savings, the banks still hold about \$26,000,000,000 or 81%. But the savings accounts in banks are down 8% from their 1930 peak just the same.

Taking all factors into consideration, the committee declares "it is not unreasonable to assume that the time will arrive when banks will again seek to attract savings funds of the public which many have, by their recent and present attitudes, forced into competitive channels." That banks are fully aware that they will face difficulties when they do go after thrift accounts is shown by the fact that 83½% of the banks surveyed told the committee that they were apprehensive over their ability to woo back the savers who have sought other havens for their funds.

• Program Outlined—To combat the diversion of thrift accounts, the commit-

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tee brings forward a five-point program:

(1) More general adoption of uniform methods of computing interest to avoid over-generous payments.

(2) Establishment of two different rates of interest with the higher going to accounts which stay with the bank beyond a certain minimum period.

(3) Adoption of a two-rate plan to give a premium to the small saver while, at the same time, offering only a minimum attraction to big accounts.

(4) Placing a penalty on activity of an account represented by too many in-and-out transactions, even though the account itself is never closed out.

(5) More precise analysis of the characteristics of the individual bank's accounts and business-getting methods.

The booklet makes no scathing attacks on government encroachment on the field of savings.

Funds for Daily

Sale of Marshall Field stock will build war chest for new Chicago newspaper. Personnel, price, and rates are set.

To the stock market, the 230,000 shares of Marshall Field & Co. common, currently emerging from registration with the Securities and Exchange Commission, is just another welcome chunk of business in a period when it's a long time between drinks. This sale is tentatively scheduled for next week "if market conditions are satisfactory to the owners of the stock," but in Chicago, home town of the company, this transaction has another significance. This is not new financing; it represents the sale of large blocks held by various heirs of the founder and other early proprietors. Grandson Marshall Field owns 122,000 of the shares presently to be offered and these are worth (at last Monday's close)

Split-Rate Interest for Savers

In all savings banks there are, according to the savings development committee of the American Bankers Association, three classes of depositors: (1) the "put-and-takers," (2) the month-by-month savers, and (3) the stable depositors who have accumulated a nest egg and leave it relatively undisturbed.

These three classes of savers, the committee feels, merit different interest treatment (and the bank may be able to save a bit on aggregate interest paid while, at the same time, rewarding its best depositors). The first class "obviously should receive

interest only on the minimum balance," says the committee. "The second . . . should receive sympathetic attention. Yet bankers must be realists. They cannot take these funds today and pay a return on them in excess of what sound investments will currently yield. The third group makes the bank possible and is entitled to the maximum return the bank can afford to pay."

Split-rate interest plans assume that a bank might, for example, pay 2% on all deposits that have been in the bank over three years and 1% on those remaining less than three years.

somewhat over \$1,800,000. Another 13,000 shares, worth \$293,000, belong to his daughter.

• **New Paper's War Chest**—Two million cash money should be useful to the new morning newspaper which rich Mr. Field of New York is launching for Chicago (BW-Oct. 25 '41, p.38). As yet the paper is unnamed. The \$10,000 contest to choose a name closed several days ago, and this week the contest company was just coming to the surface from under the flood of entries.

Until the paper gets a name, Vol. 1, No. 1, cannot be issued, but the cash outgo has already reached big-league proportions. The enterprise got under way six weeks ago, has been accumulating personnel and payroll ever since. Last week, the paper moved into two floors of the Daily News building and furnished them with shiny new fixings.

In full-page advertisements last week in Chicago dailies, Publisher Silliman Evans and Editor Rex Smith announced an editorial policy "dedicated to the maintenance of the American form of constitutional democratic government, and for the preservation of the democracies of the world."

Principal editors and correspondents include some new names, notably Phil Hanna as business editor. Hanna, who has been editor of the Chicago Journal of Commerce for several years, will be backed by a sizable staff of financial writers, and is expected to make strong coverage of financial and business news a major weapon.

• **Meeting the Competition**—The daily paper will meet the "Trib's" newsstand price of 2¢ in Chicago and suburbs. The Sunday edition is priced at 5¢ which meets the price of the tabloid Sunday Times and undercuts the Sunday Trib by a nickel. Unsolicited subscriptions totaling some thousands have come in over the transom and are as yet untallied.

Form of the paper, a full-size eight columns, has been set by type stylist Gilbert P. Farrar, who designed the New York Herald Tribune, perennial prize winner for looks.

• **Space Rates Set**—Advertising salesmen and managers are out drumming up business, claim that on their first working day they signed up contracts for a quarter million lines of local space entirely from small merchants. State Street they have sidestepped until they can talk name and date and give a more definite idea of prospective circulation. Thus far, the paper is guessing 300,000 minimum circulation. Its national line rate is 40¢ flat. No national contracts are being signed, but schedules are being accepted with a 60-day cancellation clause. The local rate is 40¢ for transients, 24¢ for a minimum contract of 500 lines, then drops by steps to 21¢ for 100,000 lines subject to 30-day cancellation without short rate or other penalty.

New Liaison Job

United Air Lines, with an eye on postwar financing, picks an executive to take charge of relations with stockholders.

Corporations' efforts to court the good will of their shareholders came mighty close to a new high this week when United Air Lines named an assistant to the president in charge of stockholder relations. Notifying his associates in an interoffice memorandum, President W. A. Patterson explained the need for and the general approach to the job.

The company sees itself with a responsibility right now to discourage purchases of its shares by get-rich-quick speculators who don't realize that air transport is a long-pull proposition rather than something that will give them a lot of action. And, after the emergency, it foresees a period of vast expansion in which United might quite conceivably have to go to the public for money to increase its capitalization from the present \$20,000,000 to perhaps as much as \$100,000,000.

• **Unsound Conclusions**—Taking up the immediate problem, Mr. Patterson's

memo explained that dozens of unsound analytical conclusions about the industry and its units are continually being reached—and publicized—by Wall Street and La Salle Street folks who lack the specialized know-how to evaluate an airline's figures. Elaborating, he cited that investment organizations frequently compare various lines' operating costs per airplane mile, meanwhile ignoring the really significant operating statistic—cost per ton mile of pay-load.

• **Newey Is Chosen**—To handle the job, beginning Jan. 1, John W. Newey is leaving the vice-presidency of Stern, Wampler and Co., Chicago investment house. Mr. Newey has a wide acquaintance in the investment field and, prior to his resignation to take this new job, was a director of Chicago & Southern Airlines. He is, incidentally, the second prominent executive of Stern, Wampler to leave investment banking for industry within the last few months. Cloud Wampler joined the Carrier Corp. in July.

Both Newey and Patterson fully expect a hell-for-leather expansion in air transportation after the war—with cargo then overshadowing passenger revenue. That's when Mr. Newey may have to undertake a money-raising job, and the company particularly wants the investing public to know the whole story when that time comes.

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November 13, 1941.

THE MARKETS

Sales of securities for the purpose of recording tax losses began earlier than usual this year—and they may exceed normal volume. Constant talk in Washington of higher and higher imposts to meet mounting defense needs contributes to this exceptional tax-consciousness.

Not only are individuals recording losses to report to the revenue man, but in many cases blocks of securities, long held for investment, are being reduced by corporations. For example, several railroads and institutional buyers have held stocks and bonds of the New York Central which they have occasionally disposed of around cost figures. The Central stock apparently was for sale between \$15 and \$19 a share. Now these holders seem to have decided that sales at \$10 or a little below will establish tax losses with the investment to be reinstated later or that other securities might be substituted to advantage.

• **Market Factor**—Such liquidation is regarded as a major factor in making New York Central's common the most active stock on the New York Stock Exchange in four recent sessions with average turnover of 19,475 shares a day. On two other days it ranked fourth and fifth in point of volume.

Most railroad stocks and bonds are near their 1941 lows, partly on tax selling but in no small measure because of fears that wage increases will turn black into red figures on income statements. Rail revenues in October continued around 25% ahead of a year ago, the Association of American Railroads announced this week. Before making any allowance for the higher wages demanded by carrier unions, all but six of the 50 major railroads showed net income remaining after depreciation and interest during the first eight months, whereas 31 roads were in the red during the similar 1940 period.

• **Reorganizations Delayed**—Taxes, meanwhile, are delaying completion of several railroad reorganization plans. Reduction in fixed charges leaves larger net income subject to levies, even to excess-profits

taxes in some cases. J. S. Pyeatt, chairman of Missouri Pacific's board of directors, last week asked the company's bondholders to reject the proposed reorganization plan, partly because taxes as a result of the plan would amount to about \$10,000,000 on the basis of 1941 earnings, as compared with only around \$1,600,000 under the old capitalization. Another railroad, which had been expected to complete reorganization and distribute its new securities next month, is now reported to be considering possible tax advantages which might follow deferral of final steps until early January.

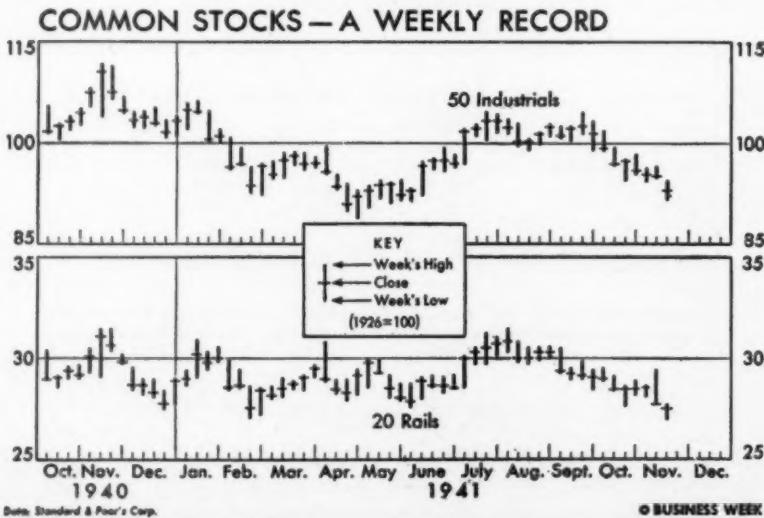
Dividend announcements—most of them favorable—continue to be a topic of major interest in financial circles. Kennecott Copper Corp. last Tuesday declared a special dividend of \$1, in addition to the regular 25¢ a share, both payable the day before Christmas. This brings total 1941 dividends for the company to \$3.25, against \$2.75 in 1940.

Continuing a trend, corporations are partially or wholly cleaning up dividend arrears on their preferred stocks. Gotham Silk Hosiery preferred, for instance, despite difficulties inherent in the present silk situation, this week sold at new highs for the year after declaration of a \$5.25 dividend. On the other hand, some other companies, faced with inventory or working capital problems, are decreasing or omitting disbursements.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	92.7	95.1	97.6	107.7
Railroad	27.5	27.7	28.5	30.6
Utility	37.4	37.9	41.8	56.9
Bonds				
Industrial	105.8	106.2	105.2	103.4
Railroad	83.9	85.3	84.7	86.9
Utility	107.4	107.3	107.1	105.8
U. S. Govt.	112.2	112.7	112.0	110.9

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.



COMMODITIES

Rubber Checkup

Stockpile setback, largely due to fire loss at Fall River, Mass., is less serious when stock afloat is considered.

Stockpiling of rubber took a setback last month—but not from any failure of imports to top consumption. It was only the third time in the last 22 months in which there was not an increase in the stockpile, and the fire at Fall River, Mass., in which a substantial tonnage of federally-owned crude rubber was destroyed or damaged, accounts largely for the reduction in the supply figure.

During October consumption and re-exports amounted to about 61,000 long tons. Against this, there were imports of 72,222, or an advantage on the supply side of about 11,000 tons. However, the stocks on hand (both for the government and privately-owned) declined from 473,684 at the end of September to 454,711 at the close of October, a decrease of nearly 19,000 tons. Thus, adding the excess of imports to the decrease in stocks, there is a deficit of about 30,000 tons to be accounted for by the fire loss and certain statistical deviations that are inherent in the method of compiling any such figures.

• **R.M.A.'s Figures**—Salient crude rubber statistics (in long tons, as reported by the Rubber Manufacturers Assn.) for 1940 and 1941 compare as follows:

	Imports	Consumption	Stocks
Jan., 1940	72,520	58,061	139,304
Feb.	43,088	52,078	129,023
Mar.	59,277	52,454	134,871
Apr.	70,700	52,361	152,645
May	51,571	54,513	148,881
June	53,889	47,834	154,313
July	69,596	48,354	175,455
Aug.	73,028	53,307	194,760
Sept.	78,972	52,469	220,597
Oct.	74,716	59,644	235,353
Nov.	72,901	57,716	250,412
Dec.	98,366	59,709	288,864
Jan., 1941	86,833	65,989	309,411
Feb.	73,973	62,692	320,372
Mar.	87,123	69,024	338,147
Apr.	63,305	71,374	329,767
May	106,159	71,187	364,107
June	64,577	84,912	339,108
July	97,081	68,653	395,216
Aug.	105,456	55,365	444,890
Sept.	83,151	53,655	473,684
Oct.	72,222	60,418	754,711

• **Stock Afloat Increases**—From the above figures it will be seen that imports sagged in September and October, but rubber on the high seas bound for United States ports rose from 141,756 tons on Sept. 30 to 172,633 on Oct. 31. If the stock afloat is added to the Oct. 31 supply on hand (and it properly can

be, because ships at sea the end of last month should certainly reach destination), the supply in sight for domestic consumption would be over 627,000 long tons—about 10 months' requirements at the rate crude was being used in October, and a supply which could presumably be rationed to go beyond 10 months in an emergency.

Helping Cotton

Domestic consumption hits highest mark in history, but huge carryover and loss of markets abroad keep industry worried.

Domestic consumption of raw cotton in October ran to 953,600 bales, highest for any month in history. Moreover, the figure for the 10 months ended Oct. 31, at 8,838,000 bales, is well ahead of any previous full year. Thus home demand for cotton is going a long way toward making up for disrupted export markets. Yet continued high carryover, even after drastic curtailment of crops, keeps the industry worried over what will happen after the war.

Carryover at the beginning of the crop year, on Aug. 1, was staggering—almost 12,000,000 bales as compared with less than 10,500,000 bales a year earlier. On the other hand, raw-cotton exports in the first nine months this year were only slightly more than 1,100,000 running bales. This is less than Germany alone, or Japan, normally took in pre-1933 years, and approximately one-third as much as was shipped from the U. S. during the first nine months of 1940.

Record by Months—Monthly consumption in the U. S. of domestic raw cotton in four of the biggest cotton years in thousands of bales (000 omitted, Bureau of the Census figures):

	1929	1937	1940	1941
Jan.	669	678	732	843
Feb.	594	666	662	794
Mar.	632	777	627	854
Apr.	632	719	623	920
May	668	670	642	919
June	570	680	565	875
July	547	583	623	929
Aug.	559	604	655	874
Sept.	546	601	639	876
Oct.	639	524	771	954
Nov.	542	483	744	
Dec.	452	432	775	
Mo. Av.	588	618	672	884

Textile Operations—Expansion of current near-capacity operations of the cotton textile industry seems limited only by ability to obtain carding and other machinery and workers with the "know-how" (BW—Nov. 11 '41, p 57). About one-fourth of the output is for defense purposes—tents, uniforms and accessories, tires, bags, sheets, cots, tarpaulin truck covers, and so on.

"First to land at Plymouth Rock"



WHAT STONE AGE TARZAN first twisted plant fibers together and called it rope, no man knows.

Anyway, rope was man's first tool, preceding the wheel, setting the first ship to sail. In 480 B.C. the army of Xerxes crossed the Hellespont on a bridge of boats held by flax and papyrus ropes 28 inches in circumference. And how do you think the Pharaohs built the Pyramids?

THE FIRST ROPE MACHINE was a pair of horny hands. Then, from Biblical times on, the rope yarn was spun by spindle and distaff. Next came the "ropewalk," where men, walking as many as 21 miles a day to and from the hand-turned wheel, laid strands into finished ropes. But the machine age of ropemaking did not begin until 1829, when Daniel Treadwell of Boston invented an automatic spinner.

FIRST TO LAND AT PLYMOUTH ROCK was a piece of rope . . . firmly grasped, of course, by that first, exultant Pilgrim. And 20 years later ropewalks flourished in Massachusetts. By 1788 cordage men were

sloganeering: "May the product of our trade be the neckcloth of him who attempts to untwist the political rope of our Union."

FROM THE PHILIPPINES in 1820 came the first shipment of long, strong Manila fiber, finest in all the world. Five years later the Plymouth Cordage Company was advertising for spinners. Business was good.

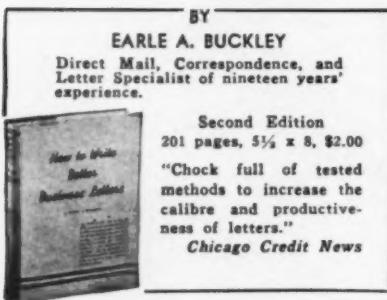
FOR 117 YEARS, business has stayed good for Plymouth—today the world's largest maker of fine Manila rope*, tying twines and binder twines. And in this age of steel and plastics, rope is just as essential as it was five thousand years ago, helping modern man lighten his burden and carry his load. *Plymouth Cordage Company, North Plymouth, Massachusetts; and Welland, Ontario.*

*Government priorities require the manufacture and sale of an "emergency grade" of rope for certain specified uses. This "50/50 Brand," as made by Plymouth, contains the maximum amount of Manila fiber allowable under the law.

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BUSINESS ABROAD

Tokyo's One-Way Road to War

Stranded by Berlin's failure to maintain military schedule, Japan must now parley for time, but Pacific thrust will come if Nazi drive to south provides opportunity.

There was no decisive turn in the tide of battle along the Russo-German front this week. Neither British nor Axis forces made any spectacular forays on the Libyan front. Japan quietly moved more troops into Indo-China but focused its main attention on the debate in the Diet on reports of the negotiations of Special Ambassador Kurusu in Washington.

Behind this comparative calm, nevertheless, there are unspectacular but significant developments around which business can plot the general pattern of the war for the next two or three months.

Both Washington and Tokyo are maneuvering for time, despite the threatening plays made by each side in the tense international poker game now under way. President Roosevelt ordered the evacuation of the 970 United States marines who have long guarded the extraterritorial zones in Peiping, Tientsin, and Shanghai. Japan knows the move was made because the United States intends to be prepared for war. But it had hoped to explain it to a nervous

public as the abandonment of extraterritorial privileges by the Western powers. That's why Tokio was red with anger when the announcement was promptly followed by the assignment of Canadian troops to reinforce the British garrison at Hong Kong. The American-British-Chinese-Dutch front had scored a small tactical gain just when it could most impress the newly-assembled Japanese Diet.

Nippon retaliated immediately. The new Japanese budget—when it was presented—was raised more than four billion yen (about \$1,000,000,000) over last year's total, of which nearly 3,800,000,000 yen were earmarked for defense. In addition, Tokyo announced it would call up more reservists, including officers up to the age of 51.

Despite the skepticism among Americans that Japan can stand for very long the economic strain caused by the blockade which has been imposed since late last summer by the British, Dutch, and Americans (BW-Nov. 15 '41, p81), it should be plain now that Tokyo has no intention of backing down. But it has



AID TO BRAZIL

The number of U.S. planes in the Brazilian Air Force is evidence that U.S. lease-lend aid isn't being confined to Britain, China, and Russia.

All the Brazilian Air Force planes above, for instance—massed at the military airport in Rio de Janeiro—are of U.S. manufacture, except the three tri-motored Savoia-Marchettis in the background (right), which are Italian.

become equally apparent during the last three weeks that plans formulated at the opposite ends of the Berlin-Tokyo Axis program are no longer meshing properly.

There can be no doubt now that Tokyo agreed to time its showdown in the Pacific with a Nazi drive on Africa and the Middle East which, presumably, would force Britain to concentrate all its navy, supply ships, and fighting forces in the Mediterranean and Atlantic, and might even reach proportions demanding maximum United States aid.

Hitler behind Schedule

Apparently Germany had expected to complete its occupation of European Russia more than a month ago and, by now, to have turned its full attention to the south (BW—Sept. 27 '41, p74), where it was scheduled to attack the British both in the Middle East and on the Libyan front. That is why Japan's maneuvering in the Pacific came to a climax about this time. Tokyo either believed that Hitler could not fail to live up to his schedule, or was unable to delay the diplomatic showdown in the Far East.

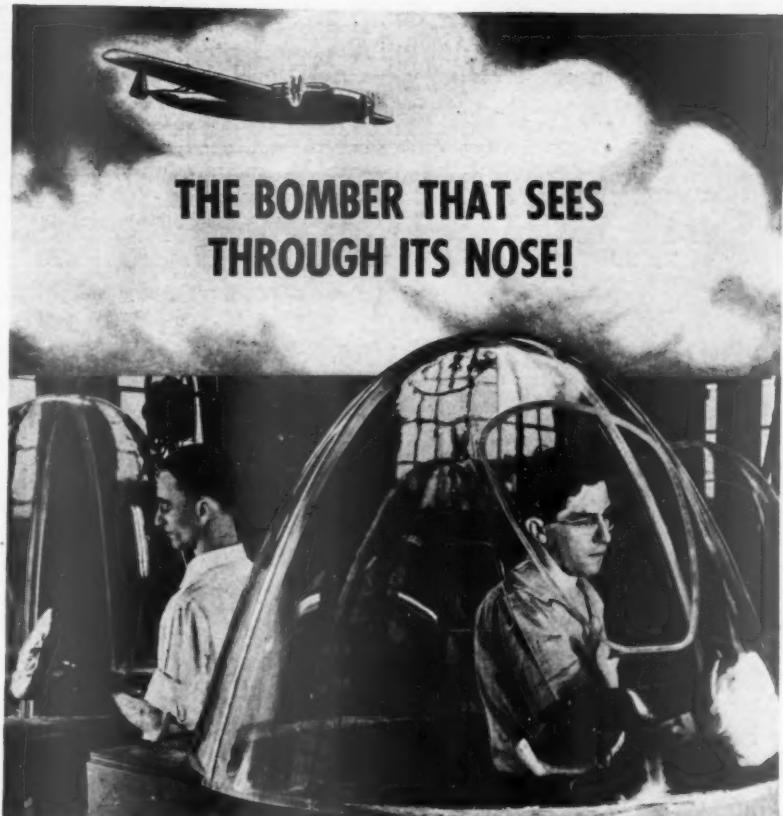
Japan cannot back down in the Orient, even if it wants to. But it can slow its program until Germany catches up. That's what Tokyo is attempting to do this week through its special Washington envoy, Saburo Kurusu. But his negotiations should not mislead anyone. Japan's military leaders are in control in Tokyo and they have no intention of abandoning their dream of forcing the Western colonial powers—including the United States—out of eastern Asia and of building a great economic empire controlled from Tokyo.

Berlin Pressures Vichy

In Europe, there were signs this week to show how the Berlin-Rome end of the Axis is laying slightly revised plans for the winter campaign which will set the stage for Tokyo's next move.

Fighting in a blinding blizzard, German troops forced their way into Tula—one of the most important Moscow outposts. But it was to the south that the Germans concentrated their efforts in a major drive through the Crimea to Kerch and on across the four-mile stretch of sea to the Caucasus mountain mainland. If they can cross this broad Caucasus isthmus, they will have cut off potentially the best supply route from Britain and the United States (by way of Iran) to the Russians along their vast front which now centers at Moscow. And once the Germans bridge this isthmus they face the British in the Middle East. They can drive south along Russia's own railroads and military highways in the Caucasus, or they can force their way across Turkey. Some experts believe they will try both.

Unusual activity in Vichy this week



THE BOMBER THAT SEES THROUGH ITS NOSE!

PHOTO COURTESY OF ROHM & HAAS COMPANY, INC., PHILADELPHIA, PA.

In 1869 John Wesley Hyatt of Albany, N. Y., secured patents on a synthetic substitute for ivory. He little dreamed that some 70 years later a modern version of that first plastic, celluloid, would be used in place of metal . . . as transparent noses for bombers!

The early development of plastics was slow. Not until 1909 did the first of the synthetic resins appear. Since then growth has been rapid. Today we have some eight main types of plastics . . . each available in varying compositions and forms for a multitude of uses.

Fabrication of plastics has progressed by leaps and bounds. Molding operations that once required 15 to 30 minutes are now accomplished in a matter of seconds. High-speed injection machines produce thermoplastic moldings even faster! In the last five years alone the number of molding plants has increased from some 300 to over 600.

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In the processing of plastics, use of Nickel and other INCO Nickel Alloys for equipment assures absolute protection of product purity, and long, trouble-free service. Thus, as in many other industries, these

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NEXT ISSUE for "clues" ads December 6.
 Copy required December 2.

indicated that Berlin had begun to set the stage for the winter campaign in Africa and that the Pétain government probably would participate. The flying visit of General Weygand to Vichy probably foreshadows German efforts to force the collaboration of the French North African army and of the French Mediterranean fleet for the campaign in Libya and possibly in the west against Gibraltar. The sinking of Britain's biggest airplane carrier, the Ark Royal, near Gibraltar indicates that the Axis is again active in the western Mediterranean.

U.S. Enters Danger Zone

This anticipated Axis assault on the British along a front which may extend from Iran to Gibraltar is what Tokyo is awaiting. Repeal of the Neutrality Act frees Washington once more to send supplies in its own ships into the Mediterranean, as well as to Britain, and around the North Cape to Murmansk and Archangel, in Russia. Japan is gambling on Britain's becoming so completely engaged in an all-out struggle on this long front that its power in the Far East will be reduced to a minimum. If, at the same time, the United States becomes increasingly involved in aiding Britain in the Atlantic, Tokyo will know that its long-awaited hour of greatest opportunity to strike in the Far East has arrived.

Business should prepare itself for a fresh wave of gloomy reports during the next few months. Japan is going to mark time but is not going to backtrack. Airports in Indo-China are being rushed. Concentrated attacks on the Burma Road can ultimately be anticipated.

Russia will be pushed back—though at a terrific cost to the Germans—before the Soviet Union receives adequate outside supplies of tanks and planes to hold their enemy, or stage a big-scale counter-offensive.

What's Ahead

Though its African and Middle Eastern forces have been greatly strengthened since last year, Britain will be fighting against tremendous odds and with extremely long and tenuous supply lines. There are not likely to be many encouraging victories for London in the next few months. Britain will not be prepared to start an offensive on any major front before the end of 1942, possibly not until 1943 (BW—May 18 '40, p.15).

In the face of these grim realities, business must prepare for further demands from Washington to speed up and expand the production of defense equipment. There is no second Russia in the Middle East to carry the ball on its own supplies of guns, tanks, planes, and men. For the first time since last June that full responsibility will again rest on Britain, with whatever aid the United States can give.

Canadian Hosiery

Despite nylon expansion at Kingston, full fashioned industry will barely be able to meet rising domestic demand.

OTTAWA—Canada's hosiery trade is wondering what part of the expanded capacity in nylon yarn of Canadian Industries, Ltd., at Kingston will find its way into commercial channels. The War Industries Control Board has just authorized an equipment priority preference for an expansion of this No. 1 Canadian nylon plant but the government is said to have stipulated that the new production is to be mainly for war purposes. Extension of output at Kingston by 575,000 lb. of nylon yarn a year will bring Canadian capacity to around 1,000,000 lb.

The silk-freezing order of some weeks ago has badly crippled the Canadian hosiery trade and production has been reduced to thrown silk, Bemberg, viscose, and mercerized cotton yarns. Supplies of real silk hosiery will be pretty well exhausted by the end of the year. But until the current emergency developed, Canadian hosiery mills not only supplied virtually the whole of the Canadian trade but enjoyed a large export business in England and Empire countries.

• **Exports to Be Curtailed**—Reports on the hosiery trade indicate that, while output will be sufficient for domestic demands, exports will be greatly curtailed. Original plans of Canadian Industries, Ltd., called for an output of 400,000 lb. of nylon next year. Despite the government's demands, the authorization of machinery to extend the output is expected to give some relief to the trade. Courtaulds of Cornwall will produce around half a million pounds of Bemberg, and other mills will turn out an additional 300,000 lb.

In 1940, Canada produced over 3,000,000 dozen pairs of full fashioned hosiery and exported over 400,000 dozen pairs. With limited supplies of mercerized cotton expected from the United States and England, even the expansion at Canadian Industries and Courtaulds will barely meet the domestic hosiery demand.

• **Domestic Demand**—Increasing domestic hosiery consumption (due to greatly expanded purchasing power) is partially compensating for the loss of the export trade. Domestic sales advanced nearly 20% in the first half of this year. The Canadian industry is now employing about 25,000 people and aggregate earnings have advanced 10% to 15% above 1941 levels, apart from bonuses that have been accorded.

With recent advances of 10% to 15%

in prices of cotton yarns, the new price-freezing order will bear heavily on the knitting industry. Worsted yarn prices are now up 50% to 60% above prewar levels although most of this advance occurred before 1941.

Gold Mine Crisis

Ottawa seeks to avert shutdown which would curtail exchange that is needed to finance purchases in U.S.

OTTAWA—As the captive mine situation in the United States came to a head, Canada faced the possibility of a complete shutdown of its important gold mining industry in the Kirkland Lake area of North Ontario. This threat resulted from a prolonged clash between the operators and the local C.I.O. Mine, Mill, and Smelter Workers' Union over recognition.

The Ottawa government, through Labor Minister Norman McLarty, was seeking this week to avert either a strike by the union or a closing down of the mines by the operators. Continued operation of the mines is important to the government because they produce much of the United States exchange required to finance Canadian war purchases below the border.

• **Finding Is Disputed**—The Kirkland Lake fight has come to a head immediately following a victory for U.A.W.A.-C.I.O. at the big Ford Motor Co. plant at Windsor, where the union was voted bargaining agent for the company employees by a large majority. At Kirkland Lake, a conciliation board found that the C.I.O. union controlled a majority of the gold mine workers and recommended its recognition as bargaining agent. Operators rejected the finding on the ground that the C.I.O. record was one of interference with defense production in the United States and Canada.

Ottawa officials are reported to favor bringing pressure on the operators to recognize the union because of the exchange factor. Proposals that the gold industry be shifted to base-metal production for the duration of the war are considered impractical by mining men, who declare that gold-mining equipment is unsuitable for other kinds of mining.

• **Conscription Issue**—C.I.O. aggressiveness in the mining field is linked with proposals for universal selective conscription, now being seriously discussed in Ottawa. Present plans call for conscription of labor as well as of men for the fighting services. In parliament last week, Prime Minister Mackenzie King renewed his frequently repeated pledge not to introduce conscription for mili-

tary service overseas without consulting the public through the ballot. Public pressure for compulsory service is increasing, however, and the government probably will be obliged to face the issue when parliament assembles in January.

Unofficially, Ottawa is discussing proposals by some Canadian industrial leaders that selective conscription to embrace labor for essential industry would strengthen and stabilize the whole war effort. For the present, the government, faced with renewed threats that Quebec will oppose vigorously any moves for compulsory overseas service, has refused to go further than to extend the draft for home defense to wider age brackets.

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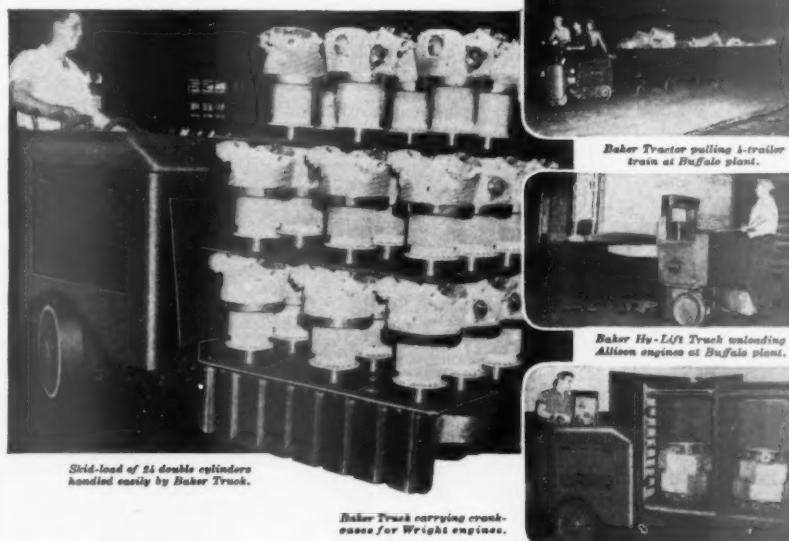
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Any change in this attitude depends largely on Washington's moves. If the United States were formally in the war and drafting men for overseas service, it is believed the King government would not hesitate to face the conscription issue in Quebec.

• **Drafting Businessmen**—Canadian business executives are now subject to what closely resembles conscription for wartime service. A dozen officers of leading companies were drafted last week as price ceiling administrators to serve without pay, and many others are under pressure to take on price control jobs so that the ceiling law can be enforced not later than Dec. 1 (BW-Nov. 1 '41, p63).

Evidence increases that the McKinnon Board intends to enforce the ceiling as stiffly as possible at the outset despite protests from business. Principal criticism of the ceiling policy as now projected is that manufacturers will be squeezed between an inflexible price lid and a movable wage ceiling. Insiders here are convinced, however, that experience with enforcement will compel the McKinnon Board to permit adjustments in the ceilings to meet increasing production costs and higher import costs.

• **High Pressure at First**—Manufacturers who are bringing to Ottawa their worry about the possibility of being forced out of business are going home with the conviction that after the first demonstration of enforcement greater consideration will be shown to the interests of business. But the prospect of high pressure initial enforcement is increased by the transfer of Bank of Canada's Donald Gordon to the price control staff. Bank of Canada shares with Finance Minister Ilsley's department the responsibility for the over-all ceiling policy. Gordon will act as general manager of price controls.

Ottawa's main hope in relation to its anti-inflation policy continues to be that

Washington will finally consent to fall in line and ease the load for Canadian administrators.

Latin Trade Fairs

Two traveling exhibits are organized—one by Peru, one by Macy's—to promote U.S. demand for South American goods.

Shoppers in a dozen of the largest cities in this country are going to be introduced to Latin American merchandise in a big way in the next two months.

On Nov. 24, W. & J. Sloane, swank New York furniture store, will open a Peruvian National Exhibit which will feature Peruvian-built furniture but will also include modern textiles, glassware, ceramics, carved wood, blankets, gloves, and a display of contemporary art. The show has been assembled by commercial interests in Lima working in collaboration with the Peruvian Ministry of Commerce.

After Dec. 3, the exhibit will move on to leading stores across the continent, including stops at Chicago, St. Louis, San Francisco, Los Angeles, Dallas, Pittsburgh, Cleveland, Boston, and Philadelphia.

• **Organizing Consumer Industries**—The exhibit is a thoroughly practical matter as far as Peru is concerned. More than a month ago, a Peruvian Industries Official Commercial Agency was opened in New York with Louis Bonnard, an American with 15 years of experience in important export business, in charge. In Lima he has the backing of the Peruvian government in organizing the country's consumer industries to capture a market for the kind of novelty and consumer goods which no longer come from Europe or the Far East and

for pure Peruvian lines which have never been sold in quantity in the United States. In the six weeks since the New York showroom opened and before any salesmen were sent out on the road, enough orders had been taken to keep the Peruvian factories working at capacity through next February.

The exhibition which opens in New York next week is the commercial agency's first effort to push business on a countrywide basis. Exhibit items will be on sale at every showing and orders will be taken for replacement merchandise. The Peruvians claim they can fill orders promptly and Washington officials have agreed to give preference rating on northbound ships because of the boost it will give the hemisphere economic program.

• **Macy's Big Show**—Before the Peruvian exhibit gets far from the seaboard, another big New York store will open a second big show. R. H. Macy & Co. is getting set now to stage a Latin American Fair which will fill 40,000 sq. ft. on Macy's fifth floor beginning in the middle of January and running for three weeks.

In a setting reminiscent of the World's Fair, Macy's is planning to show a huge collection of goods which has been assembled from all of the republics south of the Rio Grande. In a miniature replica of the temples of Yucatan there will be a collection of jewels from the museums of Central and South America mixed with a big commercial display of modern jewelry.

In a replica of the great modern air terminal at Rio de Janeiro there will be leatherwork, carved wood, modern ceramics, and de luxe handicrafts.

In a copy of one of the old market cloisters of Mexico there will be textiles from all countries, rugs, scarfs, gloves, table linen, and a complete line of food products.

• **Will Also Travel**—Like the Peruvian National Exhibit, the Latin American Fair will tour from coast-to-coast when it closes in New York. Goods will be sold off the shelves during the exhibition, but mainly the fair aims to introduce Latin American products to this country and prove to the exhibitors that this country is prepared to buy Latin American goods in quantity.

Jack I. Straus, president of Macy's, summed up the motive behind both shows when he outlined the Fair plans to a group of Latin American diplomats a week ago:

"We believe that there has perhaps been too much talk on the subject of hemisphere trade, and not enough work—too much sampling and not enough buying. We have begun to buy on a scale which, when we are joined by other retailers, should provide ample encouragement to manufacturers in Latin America that their products are wanted and will be bought."

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complete lines of addressing machines to choose from in the American market. There is only ONE that does not use metal address plates—and that's Elliott. All Elliott machines reproduce from Elliott's fibre construction, Plastikote typewritable address cards—more flexible, less costly, easier-to-prepare and easy to buy!

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Write for your copy
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ness booklet. "Unscrub-
bing the Inscrutable"—
a fascinating story of
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ius. Use your business letterhead.

PROFIT & LOSS

Running Out

You wouldn't think the cowboys on the plains would be feeling the effects of the defense program too—but from Tucson, Ariz., comes the news that the OPM's restriction of stocks of hemp caused such a lariat shortage in the local stores, that the cowboys and cattlemen in the area sent off a hot telegram to OPM Director Knudsen asking him to please release enough hemp to make ropes for the fall round-ups, at least.

Florists, too—it's hard to think how they could be affected by the defense effort yet, but the fact is that wire is getting so scarce and expensive that just the other day one little florist had to change an order for a funeral spray to a bouquet because he couldn't get any more wire to put a spray together with.

Keep Covered

Anybody who gets to be a regular reader of the press releases sent out by the Hat Style News Bureau—press agents for the U. S. hat industry—is likely to start sitting around with his hat on all day. There never was an organization that could uncover so many reasons for keeping covered on all occasions.

Remember the old wives' tale about how wearing a hat too much makes a man bald? Well, this month's story from the Hat Style News Bureau to disprove that old chestnut is "a report from official Army sources," which says that "many soldiers who had a tendency towards baldness are raising a new crop of hair. Reason—the new helmets gently massaging the scalp as the men go about their soldiering."

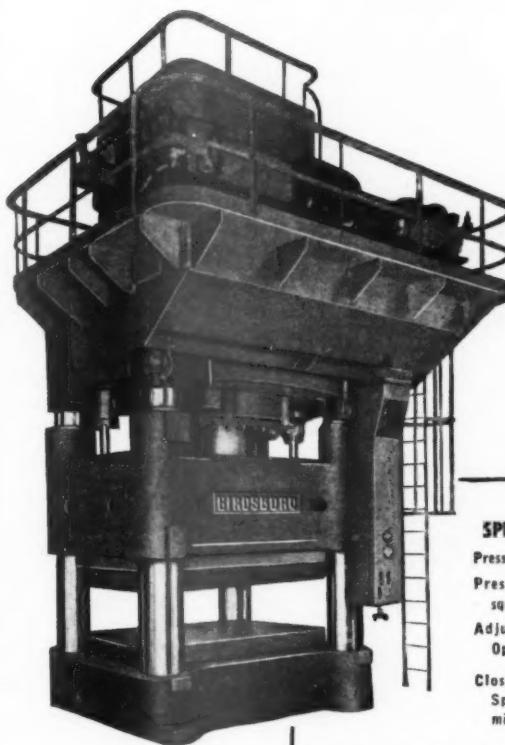
There's also a pretty good argument in this month's Hat Style News Bureau bulletin for not going without a hat in this weather for your health's sake either. "Franklin D. Roosevelt's only severe illness during his Presidential campaigns," the release explains, "began with a cold caused, according to his doctors, by taking off his hat!"

The Bureau displays its real ingenuity, though, in explaining why the Duke of Windsor so seldom wears a hat. "The Duke," it says, "carried about a dozen hats with him on his recent visit to the United States. Because souvenir hunting females value a hat above all else as a memento, H.R.H. carried his hat firmly clutched in his hand on official appearances."

What's New?

For Females: There's a combination hair dryer and radio for beauty shops, which was demonstrated in Chicago recently. The dryer has a speaker inside

Playing a VITAL ROLE in America's Air Defense



SPECIFICATIONS:

Pressure—4,500 tons
Pressing Area—6,913 square inches
Adjustable Daylight Opening—60" max.
Closing and Opening Speed—320" per minute

Manual or Semi-Automatic Control. Fully protected against overloading and overheating.

One of several presses now at work in a large West Coast aircraft factory, this 4,500-ton Birdsboro Hydraulic Press forms numerous airplane parts that play vital roles in America's defense effort. This Birdsboro giant is put through its paces at the touch of a button, and provides flexibility that makes routine production jobs of the airplane parts of today.

With that operating flexibility, Birdsboro Hydraulic Presses will also solve tomorrow's production problems economically. If it's a press problem, ask Birdsboro.

BIRDSBORO STEEL FOUNDRY AND MACHINE COMPANY

Plants at Birdsboro and Reading, Pa.

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BUILDERS OF . Hydraulic Presses . Steel Mill Equipment . Rolls . Special Machinery . Crushing Machinery

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it, so that when a customer turns the radio on, the programs come out in her hair right along with the dry air.

For Fishermen: There's a realistic little minnow to be used for bait, made of wood and rubber, which darts up and down as the line is pulled and slackened, and—best of all—which blows bubbles just like a live minnow because it's fitted out with some substance like seidlitz powder in its insides.

For Sleepers: There's a promise from a science laboratory that some day "infrared ceiling lamps in homes may do away with blankets on winter nights." If experiments which are now under way turn out all right, sleepers will just crawl under the sheet and switch on the infrared light to keep them warm.

For Soldiers: There's an ingenious mobile machine record recently developed by the Army which consists of a card file containing the complete records of all officers and men, together with half a dozen classifying and sorting machines—all in a trailer truck. All the pertinent facts of each man's record are punched on his card, so if a raiding party captures a bunch of cooks from a division, for example, the cards are run through a machine at the rate of 400 a minute, and out pop all the cards of the men who are qualified to cook.

Any Old Parachutes?

Maybe you never knew it before—never gave it a thought either, probably—but the Army retires its parachutes after they've been used for seven years. Records are kept on all the chutes, and when they hit the seven-year mark they are just automatically dropped from active, or personnel, duty. They aren't thrown away though. Sometimes their lives go on for a long time after that.

If they are still pretty sound, for instance, they are assigned to duty as cargo chutes, and they are dropped with supplies, weapons, tools, and such for what are now known as the "paratroops." But if they show a lot of defects, they are taken out of service altogether and turned over to somebody around the Army post who will use them to make up white scarfs for the flight personnel. That's why you nearly always see pilots—in real life, and (even more often) in the movies—wearing white scarfs.

Of course, you can have just so many white scarfs though, and there is often a lot of parachute silk left after all the white scarfs that can possibly be needed have been made. There is even a ready use for this too. The women around the post make underwear out of it.

Today's Special

A store near the University of Minnesota campus in Minneapolis features a special co-ed breakfast for 15¢—orange juice, coffee, and two cigarettes.

THE TRADING POST

Speculation and Enterprise

The other night, while rereading some chapters in George Kennan's biography of E. H. Harriman, I ran across a paragraph that drew a distinction too frequently overlooked.

During the last dozen years, we have heard a lot about the "evils of speculation." On the other hand, the critics of business and businessmen condemn speculation as an evil, harmful to all; while those on the other side contend that, all enterprise being speculative, we should not try to curb the speculative instincts of the individual.

What both sides forget is that speculation may be either creative or predatory. The one involves risks arising from the speculator's faith in his own capacity to produce; the other involves risks arising from the speculator's hope that he will reap where he did not sow, that he can rake in a gambler's profit on the efforts of others.

Mr. Kennan refers to the criticism of E. H. Harriman as being "essentially a speculator" because he put so much of his personal resources into the stock of the moribund Union Pacific, which he had just got under his control. Then he points out that:

Mr. Harriman, however, was not speculating in the proper, or even the popular, sense of that word. When a capitalist buys a run-down farm, on the chance that it may appreciate in value with the increase of population, he is truly a speculator. He does not work the farm, and if it happens to double in value as the result of some fortuitous circumstance—the building of a railroad or a scarcity of farm products—he has not earned the profit that he takes.

Such is not the case when an agricultural expert buys a worn-out farm, works it himself, puts into it his knowledge and skill, as well as his labor, and eventually doubles its value by fertilization and intensive cultivation. He does not then take a profit without earning it, as does the hypothetical capitalist; he rightfully takes possession of value that he has himself created. When Mr. Harriman invested his money in a worn-out railroad, he expected to earn, by personal labor and skill, the profit that he anticipated—and he did earn it. No one now questions the fact that he was virtually the creator of the reorganized Union Pacific; and if he made millions out of it, he added, at the same time, hundreds of millions to the value of the property of other men, and widened immensely the area of human happiness and prosperity.

This comment of mine has nothing to do with the specific case that Mr. Kennan is discussing. It is intended merely to emphasize his distinction between purely acquisitive speculation and creative speculation. One unfortunate aspect of the orgy of reform that we

have suffered during the last decade, has been a failure to take this difference into account. During the twenties we had speculative excesses—without a doubt. But many of those who sought to curb such excesses were bewitched by the word; they have acted as though they would eradicate all speculation from the American scene.

The passionate cry for "security" in one form or another and for one group or another is one manifestation of that urge. The recurrent efforts to restrict arbitrarily the potential earnings of legitimate business are another. There are many more. A major trend of our times is this flight from enterprise in search of security.

In substantial measure, this trend is strengthened whenever we decry the speculative urge that is the mainspring of all enterprise. If we hope to retain individual aspiration as the motive power of the American economy, we must keep bright before our people the prospect of individual advantage and reward. That means the individual must expect to assume the speculative risks of his enterprise. Security for all is achieved, not by eliminating risks—no one can do that—but by distributing them over society as a whole. And to do that we must supplant individual enterprise and individual risk by political control of our economic activities and political distribution of the hazards. If we would avoid individual risks we must forego individual rewards.

* * *

For the moment, all this may seem academic. But it is pertinent, even now, because of the criticism that has been leveled against business leadership for a certain reluctance to assume all the risks involved in the vast expansion of our industries to meet defense needs.

The fact is that in character and magnitude those risks are quite outside the ordinary business hazards that creative business should be expected to assume. Involving as it does, risk of vast loss without even the hope of commensurate return, such an undertaking would surpass in speculative hazard even the wild ventures of the twenties—for which business men have been so roundly condemned.

But this opens up too broad a subject to be handled here. My only purpose, here and now, is to recall that creative speculation is the mainspring of a free economy. And whenever we impose arbitrary and excessive curbs on the incentives that lead men to assume business risks, we begin to throttle that spirit of enterprise on which we still count for industrial performance. W.C.

Steno's hurt right to the core
Her fingers numb, her feelings sore
Uncurling carbon is a chore
Banished with DAWN forevermore



"Business Week appeals to us as a comprehensive and quick-reading survey of current conditions and we believe the majority of people in business can find in your periodical much of interest and profit."

COMPTROLLER
Airplane Engine Manufacturer

THE TREND

STRIKES—1941 VERSUS 1918

President Roosevelt's problem in dealing with labor is much tougher than President Wilson's during the first World War. President Wilson had to deal with only one large union group—the American Federation of Labor; and Samuel Gompers, the highly-respected head of the A.F.L., was entirely pro-war.

President Roosevelt has to deal with two groups: the A.F.L. and the C.I.O.; and within the C.I.O. is a factional split between John L. Lewis, of the United Mine Workers and Sidney Hillman, leave-of-absence president of the Amalgamated Clothing Workers. The further fact that Hillman is Roosevelt's labor representative on OPM, and that Lewis is militantly isolationist, does not simplify the President's problem. Moreover, nowhere in the labor movement today is there a man as outstanding as Gompers—whose word would be close to law with workers.

• By no means did President Wilson succeed in eliminating strikes; but he cut them down. Note from the following table the three-fold increase in number of workers involved in strikes in post-war 1919. That year's sharp rise from 1917 and 1918 levels suggest that labor leaders did have strikes in their systems, but that they held them in abeyance until after the Armistice.

Year	Number of Strikes	Workers Involved	% of Workers Involved in Strikes
1914.....	1,204	*	*
1915.....	1,593	*	*
1916.....	3,789	1,599,917	8.4
1917.....	4,450	1,227,254	6.3
1918.....	3,353	1,239,989	6.2
1919.....	3,630	4,160,348	20.8

* Not available.

• Wilson's labor policy succeeded as far as it did largely because both management and labor agreed (fairly late in the game) to a set of guiding principles. Under these standards, fixed by the War Labor Board, both workers and management knew where they stood when they came to bargain with one another; they knew what the government would and would not support; therefore, they knew what they were and were not likely to get. Here are some of the tenets:

1. Labor's right to organize was guaranteed.
2. On the closed shop, the pre-war status quo was to prevail.
3. Union wage scales were usually accepted as the prevailing wage.
4. An eight-hour day with time and one-half for overtime and double time for Sundays was generally accepted.

However, those standards were not arrived at overnight. The National War Labor Board was not established until April, 1918. For a year, there was what might be termed an anarchic interregnum in labor-management relations. So it is today. Both sides in labor disputes are jockeying for position and precedents, which will prevail in settlements of future disputes "for the duration." John L. Lewis's bid for the closed shop in captive coal mines is a case in point; and the support he obtained from the C.I.O. convention is to be interpreted in that light. Even Hillman's Amalgamated backed Lewis. Why? Not be-

cause Amalgamated loves Lewis, but because the closed-shop demand is something all militant unionists want.

In demanding a union shop, Lewis was relying on the strategic power of labor in wartime to get what he wanted. In peacetime, when a union calls a strike, it puts simple, economic pressure on the employer. The work stoppage means loss of production, money, and most important, loss of the company's competitive position. In a test of strength, both sides count on dollar-and-cents considerations to bring the other side to terms. In wartime, the pressure is of a different order. It's true a strike will slow up production and cut profits, but it does not seriously endanger the company's competitive position. For, in war, when companies are operating at capacity, no competitor is likely to be able to take advantage of another company's shutdown.

• A strike in wartime has a distinctive pressure all its own, exerted not against a particular company, but against society as a whole. Society needs and demands uninterrupted production at all times. Winning the war is at stake. Thus labor, by striking, is able to call the attention of the entire country to its grievances (real or fancied) and so to bring national pressure to bear on the employer. But that very source of strength is also a source of weakness—if abused. Not only does it focus national attention on employer policies, but also on union and union-leader policies. And many a labor leader, who now openly supports Lewis on the closed-shop issue (it's in the labor tradition), privately condemns him. Lewis pushed too hard. Had he permitted his captive coal mine case to take the normal course—before a three-man panel of NDMB—they feel he would have got what he wanted. But by going before the full NDMB membership, Lewis made the closed shop a national issue, forced Roosevelt's hand, and brought from the President the pronouncement that the government "will not order a so-called closed shop" on any industry.

• Thus, one result of the captive coal mine dispute to date seems to be the establishment of a Presidential precedent on the closed shop. In that, perhaps, we have the beginning of a set of guiding principles similar to those which governed the decisions of the War Labor Board under Wilson and helped stave off strikes. But don't assume from this single precedent that labor peace—the end of strikes—can be obtained in short order. Remember, Roosevelt's task is tougher than Wilson's. Today, in the United States, labor leaders are not alone interested in improving the economic position of their members; some of them are engaged in a competitive struggle among themselves—are using the strategic power war affords to strengthen their own positions in the post-war struggle for domination of the labor movement. That does not make for stability in labor-management relations.

The Editors of Business Week

Business Week • November 22, 1941

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